

2020 ANNUAL MEETING

MEMBERS CHOICE FINANCIAL CREDIT UNION

Growing Our Competitive Advantage:

TRUST



BUILDING LIFELONG RELATIONSHIPS... ONE MEMBER AT A TIME

Agenda

Members Choice Financial Credit Union Charter 68655

June 3rd, 2020 6:00 p.m.

This meeting was held virtually. The recording is available on our
website: <https://mcfcu.org/annual-meeting>.

Virtual Meeting Instructions.....	Dave Ilgen, IT Manager
Welcome.....	Richard Knouse, Director
Call to Order.....	Dan Angel, Chair
Consent Agenda	
Minutes.....	Addendum
Treasurer's Report.....	Program Booklet
Supervisory Committee's Report.....	Program Booklet
Service Awards.....	Matthew Hoeger, Vice Chair
Chairman's Report.....	Dan Angel, Chair
Installation of Officers.....	Dan Angel, Chair
President's Report.....	Jim Barbarich, President/CEO
Adjournment.....	Dan Angel, Chair

Meet the Executive Team



Jim Barbarich
Chief Executive
Officer



Elba Arenas
Chief Member
Experience Officer



Brian Wiktor
Chief Lending
Officer



Jean Miller
Chief Financial
Officer

Financial Literacy

Financial Literacy in the Park

This children's event was held in the Bloomsburg Town Park. Kids were treated to cotton candy, snow cones, coloring pages, and face painting. Each child who attended also received a piggy bank and a copy of the book that was read aloud, *Box Car Indy Goes to Doggy World*. Once the children filled their banks they were invited to bring them to their local branch with their parents to open a savings account, in which their opening deposit would be matched up to \$5 to encourage good savings habits.



Financial Literacy Classes

Elba Arenas, with the support of Brian Wiktor, continued her passion of teaching financial literacy by offering multiple dual language classes throughout the year. These classes focused on topics such as credit vs. debit, types of loans, how to build credit, and other financial basics.

Organizations, schools, and individuals may request information on upcoming sessions by calling Members Choice at 800-834-0082. You will be contacted by one of our financial specialists with information on class availability.



Reading about Savings

Carla Schmidt visited Danville Elementary to teach the second graders about saving through the eyes of the adorable dog Box Car Indy. In the book *Box Car Indy Goes to Doggy World*, the children learn strategies of hard work and saving to achieve a financial goal, in this case a trip to Doggy World. Each child in the class received a piggy bank and their first quarter to begin building a savings of their own. The students were also treated to snacks and cupcakes.



People Helping People

Supporting Our Communities





2019 Community Giving

American Legion Post #40
Veterans Emergency Relief Fund

Evangelical Hospital Christmas

Mommy & Me Rescue

Atlas Fire Company

Fall Fest - Danville

Mount Carmel Downtown

Bloomsburg Theatre Ensemble

Financial Literacy Classes

Mount Carmel Santa in the Park

Bloomsburg Varsity Football
Boosters

Financial Literacy in the Park
Bloomsburg

National Night Out
Lewisburg

Catawissa Little League

Freedom Life Church
Community Egg Hunt

National Night Out
Mount Carmel

Central Susquehanna
Community Foundation

Geisinger New Staff Residents

PA Credit Union Foundation

Danville Area Little League

Harvest Fest Parade

Relay for Life Montour County

Danville Business Alliance

Heart to Hand Ministries

Service First Golf Tournament

Danville Halloween Parade

Kulpmont Football/Baseball
Association

Spring Fling - Danville

Donald L. Heiter Community
Center

Kulpmont Knights of Columbus

The Children's Museum of
Bloomsburg

EOS Therapeutic Riding Center

MCFCU Scholarships

Think BIG

Evangelical Community Hospital

Wilburton Hose Co. #1

Stay Tuned for Updates!

Members Choice
**2021 Charity
Golf Tournament**

Friday, May 28th, 2021

Knoebels Three Ponds Golf Course

Ask us about:

Sponsorship Opportunities, Golf Registration, &
additional fundraising events.



POST#40
The American Legion
Veterans Emergency Relief Fund



*"Fighting the fight for children's cancer freedom
and for those who fought for our nation's freedom."*



Chairman's Report

Good evening and I would like to cordially welcome everyone to the 66th annual meeting of the Members Choice Financial Credit Union. My name is Dan Angel and I am honored to represent the Board of Directors and welcome the members and employees of Credit Union to this year's meeting. The theme of this year's annual meeting is "Growing our Competitive Advantage: TRUST". In a market of traditional banks, Fin Techs, and Credit Unions products and services are very similar. Our focus is not to compete on rates but to build a relationship of TRUST. Trust is our competitive advantage and we will continue to strengthen our legacy relationships and build new ones. Without the trust of our members and customers, our staff, and our community we could not be successful and continue our positive growth that I will talk about later in this report.

The largest community we serve is the core membership community. The need is the requirement for a safe and dependable financial services platform. The channels we provide to support this constituent group are the products and services of traditional banking. Savings, checking, certificates, health savings, and money market accounts are the basics of deposits. Loans; mortgage, home equity, auto, business, education, credit cards, and unsecured loans provide for members needs beyond their savings.

Led by our Chief Member Experience Officer Elba Arenas, and with the support of her team, we continue to invest our efforts in community outreach. One of our top programs this past year was our financial literacy initiative aimed at both children and adults. This past year we held a summer program "Financial Literacy in the park", a children's program. We also developed an adult literacy program titled "Rising out of Poverty" aimed at the underserved in our community.

I want to take a few minutes to mention some other community activities over the past year to include:

- Our annual golf outing raised \$20,000 for Post 40 Veterans emergency relief fund and think big. We owe a lot to our veterans and the credit union will always be focused from a philanthropy perspective.
- National night out is always a popular event and this year was no different as we saw a record number of people stopping at our booth.
- A list of all the local groups we supported this year can be found in the program

TRUST is not just a word; it is the mission of your credit union and I hope the programs I just mentioned and the information in your program help you realize our commitment to TRUST. Cyber Security has been a big focus this year and is a concern nationally. We are lobbying for a National Data Security and Privacy Framework to protect all of our members' data. We are trying to accomplish this by leveling the playing field to bring merchants to the same standard as financial service providers. As a credit union, we have also invested significantly in data security over the past year.

I am very proud to report that financially the Credit Union had our best year ever. Some key numbers which you will find in the presentation:

- Assets \$157 million
- Net Income \$1.6 million
- Loan balances \$114 million
- Loan to share ration of 80.7%
- Dividends \$995K
- 13.6% of our loans in the communities we serve are member business loans

These financial accomplishments are only possible with the involvement of the entire community, including our great employees. A continued focus on excellence, strong vision from management, execution, and a true focus on member satisfaction were the keys that continued to drive our success in 2019, and for that I thank everyone. A special shout out to our President Jim Barbarich and the key leaders, Brian Wiktor, Jean Miller, and Elba Arenas for their steady leadership which also contributed to a great year.

Additionally, volunteers are so critical to the success of the Credit Union. Our Board of Directors have provided exceptional oversight and guidance, which is the sign of a successful board, throughout the year and as challenges have arisen. I am very impressed with the competency and dedication of the BOD in my first year as the chairman and wanted to acknowledge them individually:

- Matthew Hoeger
- Rich Knouse
- Mary Fasano
- Doug Bastian
- Christine Haririan
- Lindsey Marolf

I really want to stress the Credit Union difference. It is a fact that 49% of Americans cannot come up with \$400 for an emergency expenditure. Members Choice is an option to payday lenders that has an APR 400% less than those other lenders. We can also offer financial counseling to members who need to get through the crisis as needed. Typical lenders do not provide this type of help.

Finally, our tax exempt status is the catalyst that allows us to provide value to all Americans. The credit union tax exemption was granted based on two clear differences between us and banks. Our structure is a not for profit financial member owned cooperative. Our mission is to promote thrift and provident lending. This clearly defines us differently than the for-profit banking model. The estimated credit union tax exemption nationally is \$1.9 billion and the value that brings in return is \$192 billion in economic impact. That's a great return and we must continue to fight to preserve it.

Thank you for your commitment to Member's Choice and for attending this year's annual meeting.

Dan Angel
Board Chair

Treasurer's Report

Douglas Bastian - Treasurer

The U.S. economy proved resilient in 2019 with growth of 2.2% and has entered the longest expansion in American history. Consumer spending, which accounts for two-thirds of the economy, has continued to drive economic growth due to the strong labor market with more jobs and rising wages. Business investment was slower due to weak business sentiment and concern with global trade influences. Inflation averaged 1.6% for the year and is expected to increase slightly in 2020. The Federal Reserve reduced the interest rates three times in 2019 after raising them four times in 2017/2018.

Members Choice had a successful year financially. Our asset growth was 3.4% ending the year at \$157 million in assets. Capital grew by \$1.6M ending the year with a capital ratio of 9.31% and we continued to pay strong dividends to our members compared to our peers. Our Return on Assets was 1.03% and surpassed the national credit union average. Our interest rate risk, which is a key metric, remains low as presented in our Asset Liability Management analysis. We surpassed both our plan and 2018 results. The main challenge in 2019 was loan volume. Loans were down 6.35% from 2018. In 2020, a major focus will be on promoting our competitive loan offerings to members and potential members who may otherwise go elsewhere. The balance sheet and income statement are presented on pages 6.

Supervisory Committee's Report

Tina Pontius – Committee Chair

The Members Choice Financial Credit Union as in previous years has contracted RKL to perform oversight responsibilities to fulfill the financial audit function. In conjunction with the supervisory committee volunteers' cash and indirect lending audits, we continue to review critical processes and controls. The audit report is included in the handout with the minutes.

Annually the supervisory committee meets with RKL and the board to review the annual financial, ACH, and BSA audits. In the opinion of RKL, the financial statements present fairly, in all material respects, the financial position of Members Choice Financial Credit Union as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years ended, in accordance with accounting principles generally accepted in the United States of America.

The Credit Union has in place a Whistleblowers Policy which details the process of how employees can report to the supervisory committee any issues they have regarding the operation of the Credit Union that would be illegal, violate policy or put the credit union at risk. New employees are required to read the policy and sign that they read and understand and periodically all employees are required to review the policy.

My report documents the cooperation of the board, employees and members in the audit process, for that we appreciate their assistance.

Balance Sheet & Income Statement

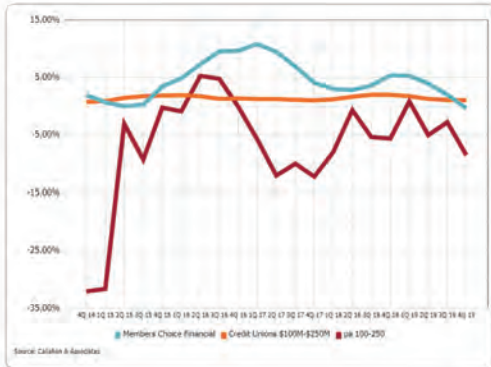
Year Ending December 31st, 2019

ASSETS		
	2019	2018
Cash and Cash Equivalents	\$ 1,459,658	\$ 1,737,309
Investments	36,103,587	22,242,757
Loans to Members	113,114,253	121,154,422
Assets in Process of Liquidation	286,230	646,383
Accrued Interest Receivable	415,638	396,555
Property and Equipment	3,714,045	3,908,980
Other Assets	1,936,243	1,758,343
TOTAL ASSETS	\$ 157,029,654	\$ 151,844,748
LIABILITIES AND MEMBERS' EQUITY		
Liabilities		
Members' shares	\$ 140,977,994	\$ 136,852,859
Accounts Payable and accrued expenses	1,360,255	2,352,789
Accrued interest and dividends payable	-	-
Total Liabilities	142,338,249	139,205,647
Members' Equity		
Regular reserve	1,114,195	1,114,195
Retained earnings	13,504,540	11,901,212
Accumulated other comprehensive income	72,670	(376,305)
Total Members' Equity	14,691,405	12,639,101
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 157,029,654	\$ 151,844,748

	2019	2018
Interest Income		
Members' loans	\$ 5,926,660	\$ 5,258,017
Investments	657,826	571,620
Total Interest Income	6,584,486	5,829,637
Interest Expense		
Members' dividends	991,476	928,024
Other interest expense	3,796	6,112
Total Interest Expense	995,272	934,136
Net Interest Income Before Provision for Loan Losses	5,589,214	4,895,501
Provision for Loan Losses	358,259	463,141
Net Interest Income After Provision for Loan Losses	5,230,955	4,432,360
Non-Interest Income	1,559,340	1,582,918
Impairment of corporate member capital account	-	-
Total Non-Interest Income	1,559,340	1,582,918
Total Non-Interest Expense	5,136,197	5,006,273
Net Income From Operations	1,654,098	1,009,006
Other Gain (Loss)	(50,769)	(115,562)
Corporate Stabilization Expense	-	-
NET INCOME	\$ 1,603,328	\$ 893,444

Metrics For Success

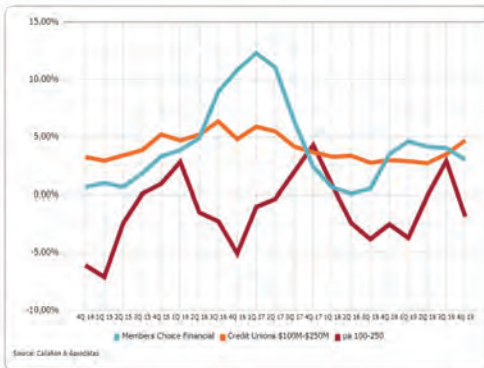
Member Growth



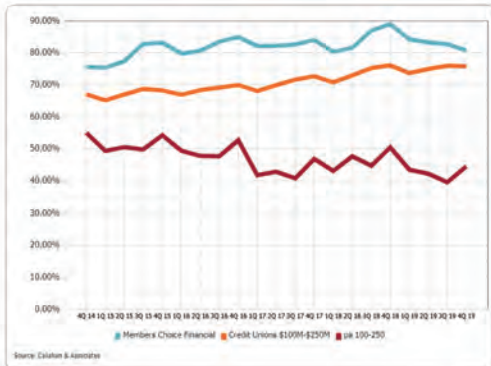
Loan Growth



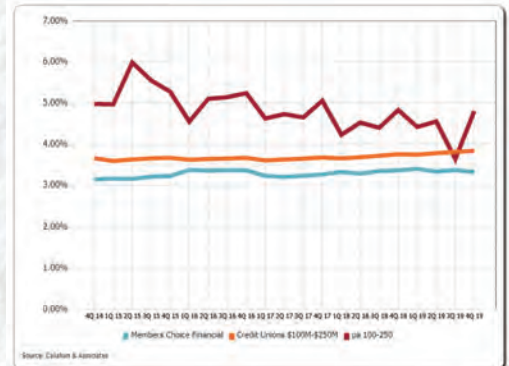
Share Growth



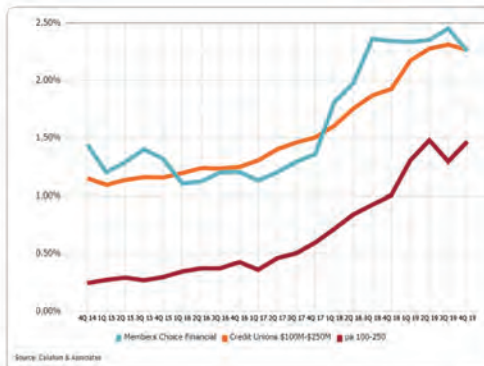
Loans to Shares



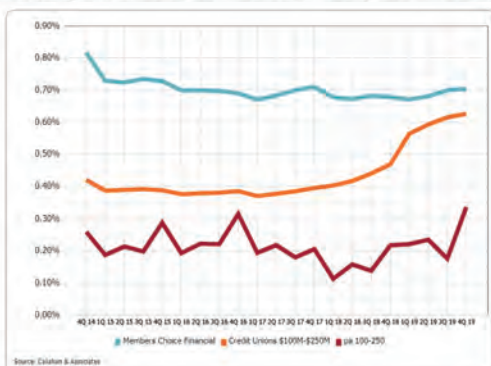
Operating Expense to Average Assets



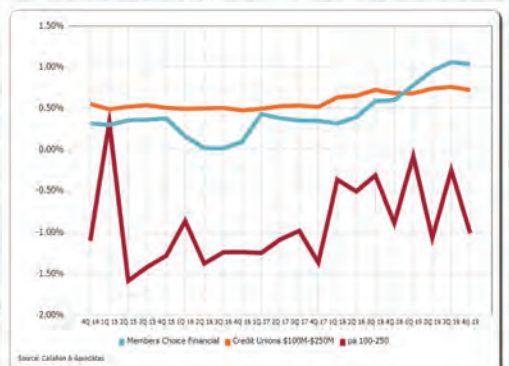
Yield on Investment



Average Dividends Paid



ROA After NCUSIF Expense



President's Report

Welcome. One of the responsibilities I have as CEO is to annually report to the membership the state of the credit union. It is my pleasure to report that 2019 was a record year in Earnings, Return on Assets, and Net Worth. As member owners you share in our accomplishments.

2019 was the strongest financial performance year we have ever experienced in the 66 years we have been chartered. The Metrics for Success section displays the key ratios we use to navigate, execute, and document our business plan's performance. The graphics integrate peer performance for comparison and provides a perspective to credit unions our asset size nationally and within Pennsylvania. We have consistently outperformed credit unions in our asset group nationally and at the state level. This is a team result and I thank our team and you for the collective contributions to our success.

The theme of this year's annual meeting is "Trust" and we have labeled this as our competitive advantage.

Products are a commodity offered by all financial institutions. It is our commitment to "Service" that sets us apart.

The theme of this year's annual meeting is "Trust" and we have labeled this as our competitive advantage. Products are a commodity offered by all financial institution . It is our commitment to "Service" that sets us apart. As we have grown over the years, we have developed a strong bond built on "Trust". It is this bond that we focus on strengthening every day through the service delivered to you.

The service model is changing. We have seen a trend depicting lower levels of transactions executed in the branch and an increased volume of transactions in our mobile and online banking platforms. This is a generational preference that we have focused on in our strategic initiatives to grow and serve. The strategy is crafted around developing an omnichannel that integrates the mobile and desktop solutions into one. The development and testing were completed and in April we had successfully launched this new application. In addition to consolidating applications, we have enhanced security, speed, and efficiency. Whether you prefer your phone, a desktop computer, a laptop, or a tablet to access the system, the screen look, and functionality is the same plus you can customize the dashboard to meet your needs.

We have also invested in redesigning our card programs by expanding the products to meet your needs. Debit Card will convert in July and Credit Card in September. We are migrating our programs to Visa to better serve our members. We realize one card does not work for everyone. The Visa program brings flexibility and choice, as well as offering some new products targeted at building a credit history for younger members. You will be able to select a card that best aligns with your lifestyle. Please watch for information as we get closer to those conversion dates and remember everyone will receive a new card.

These service model changes were targeted to provide the most efficient and safe environment for you to conduct your financial transactions. The ability for you to do your banking when you want, where you want, was a critical component element in our design. At year end we launched a refresh of our website to enhance the experience with focus on style and easy navigation in a more secure environment.

Growing Our Competitive Advantage: Trust

On the financial front, 2019 was a year where the Federal Reserve reduced the discount rate offsetting the previous actions of 2018 to increase rates. The forecast was for a rate neutral year in 2020. This message is being penned following the single largest decline in the stock markets and a time where the 10 Year and 30 Year Treasuries have dropped to their lowest level ever. This unprecedented decline in treasury yields is the set up for what will clearly be a challenging 2020 in the financial services space. Fear is the driving component stemming from the unknown impact of the Coronavirus.

The antidote for fear is TRUST. A good friend whom I have a great respect shared this perspective. "Trust is like a bank account; you need to make deposits before you can make withdrawals." This definition has been a staple in my thinking well before I migrated into financial services. It is why we focus on you and your needs as a member. We have framed a caption around member experiences; "It's Personal". We are here to partner, listen, educate, and deliver service that enhances your lives.

"Trust is like a bank account;
you need to make deposits
before you can make
withdrawals."

Trust is an important part of the formula for success and it is inherent in every experience we have with you. We focus on every member experience with the desired outcome of improving the quality of your life. I encourage you to stop in and share your challenges and dreams with a member of our team. We can provide you with some options to overcome the challenges and to make your dreams come true. This is one of our "TRUST" deposits.

I have conversations with members regarding economic issues and how their lives have been impacted by these issues. The main theme in all these discussions centers around an unplanned life event. The fear surrounding job loss, reduction in income, health care costs, and parent/elder care may at times seem overwhelming. To each one of those members I always offer the comforting promise that Members Choice will be there to help them get through. Another topic of concern is how to preserve savings to achieve my intended benefit to heirs after the member has passed. This conversation is important to many of you. We can discuss Legacy Savings Strategies to make sure your hard-earned savings are targeted to do the things you want when you are gone. Our promise to you starts with a conversation, so please don't shoulder the burden alone, come see us.

As I close my report, I would like to thank The Board for their support in articulating our Vision. The Senior Team for their focus and dedication to delivering the outstanding performance we achieved this year, and our staff who delivers world class service with every member experience. It is this focus from the Members Choice Team that is at the foundation of the "Trust Relationship" we have built, and it is a key that differentiates us from the competition.

Thanks for being an important part of Members Choice.



Jim Barbarich
President & CEO

Open Your Eyes to a Credit Union



Credit Unions differ from banks in 2 major areas.

1. Structure

Credit Unions are member owned. Each member has equal ownership and one vote.

2. Mission

"To create thrift and provident lending."

How do we do this? Higher interest rates on deposits (dividends) and lower rates on loans.

How do you join a credit union?

Stop in one of our local branches. If you live, work, worship, or go to school in one of our segments, or have a family member that is currently a member, then you are able to join the Members Choice Family!

Spread the word; help your friends, family, and neighbors open their eyes to a credit union!

Advocacy



2019 CUNA Government Affairs Conference



How Credit Unions Make A Difference

Advancing Communities. With a philosophy of People Helping People, credit unions are actively involved in their communities.

Fostering Financial Resilience. Credit unions exist to help families lift their financial burden. With tools like financial literacy classes and a friendly, knowledgeable team, we are here to help you achieve your financial dream.

Securing Data for Safer Communities. Credit unions are coming together to enact change and fight for the creation of a national data security and privacy framework to keep you safe.

Securing your Community Future. Credit Unions utilize the \$1.9 billion dollar national tax exception to benefit both member and non-members of our communities. Every year credit unions come together to show congress the importance of continuing to grant this tax exception, allowing free or low cost services for our communities.

Continuing to Serve the Underserved. Credit unions are there for you even when a traditional bank may slam it's doors. We are here to support the working class and diverse members with a variety of products and services.

With You Through Every Stage of Life

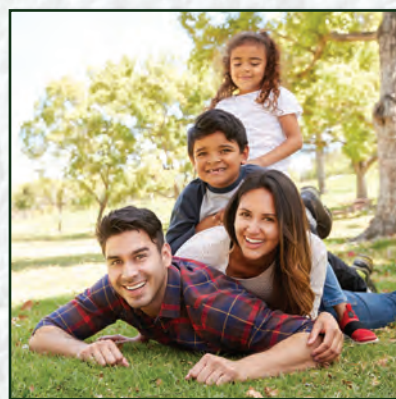
Youth, Teens, and Young Adults

To start your education on the proper handling of money, Members Choice provides services that both teach financial principles and give students practical experience. As you move into your teen years, we are here for you to build your credit profile with our very first credit card. When college years arrive we can help through our SMART Option Student Loans with competitively low interest rates and our Scholarship Program, which awards up to \$1000 to matriculating high school seniors or a student continuing their education.



Adults

Marriage, growing your family, or jumping into a new career all bring financial hurdles. Members Choice can help you with a multitude of financial options. We offer a powerful suite of tools that give you control over your accounts on your smartphone, tablet, or computer. Pay bills to any of thousands of registered merchants from home, deposit a check from your office, and review your spending even while traveling abroad. Members Choice's wealth management products and services are a valuable resource to help plan and save for your child's college education with a Coverdell Education Savings Account or Roth IRA. Picking the right loan and lender can save you thousands of dollars and years of hassle. Our home loan products will help you get the most out of your investment, not only with the initial purchase of the home but also through affordable loans and lines of credit for home improvement.



Business Owners

Members Choice offers products and services to take you from the initial business planning phases to the break-even point and then through the process of expansion. We can even process credit and debit card payments made by your customers and setup direct deposit to your employees!



Senior Years

Members Choice's advanced savings products like IRAs, CDs, and Money Market Accounts will help you reach your retirement goals. If you decide to travel abroad with your free time, Members Choice also provides currency exchange and shipping services through Travelex. We can even assist you with Estate planning.



2019 Service Milestones *Congratulations!*

20 Years



Doreen Artley

15 Years



Barbara Gemberling

10 Years



Mary Gratti

5 Years



Carla Schmidt

**Volunteer
Milestones**

10 Years

Mary Fasano



NW Susquehanna Chapter of Credit Unions **Credit Union Ambassador**

Congratulations Ali Munshower!

Every year young people from local credit unions throughout Pennsylvania compete in regional chapters' Credit Union Ambassador Contests. Each participant writes a speech about a topic relating to credit unions, then they must perform their speeches against other participants for their local credit union chapter. This year's competition was held on December 4th at the NW Susquehanna's annual Christmas party. Our very own Ali Munshower was chosen as the NW Susquehanna Chapter of Credit Unions Ambassador. Ali will now advance to the State Credit Union Ambassador Contest Finals that will take place during PCUA Connect in 2020! Great job Ali, and best of luck at your next competition.



The Members Choice Team

2019 Board of Directors



Dan
Angel

Chairperson



Matthew
Hoeger

Vice-Chair



Douglas
Bastian

Treasurer



Christine
Haririan

Secretary



Richard
Knouse

Board Member



Lindsey
Marolf

Board Member



Mary
Fassano

Board Member

2019 Supervisory Committee

Tina Pontius, *Committee Chair*

John Packer

William Anderson

Member Service Team

Executive Team

James Barbarich, President/CEO

Elba Arenas, CMEO

Jean Miller, CFO

Brian Wiktor, CLO

Danville/Merck

Kristian Bastian, Loan Officer

Heather Johnson, Commercial Lending Officer

Natalie Waltz, Lead MSR

Wendy Flynn, Backup Lead MSR

Diane Treas, MSR

Lizzie Brown, MSR

Morgan Karge, MSR

Anna Buck, MSR

Jake Weber, MSR

Jacob Bamonte, IT & Marketing Assistant

Jared Cromley, Financial Analyst

Tyler Candelora, Digital Assistant

Bloomsburg

Dana Tripp, Indirect Lending Manager

Nicole Calame, Lead MSR

Melissa Tarlecki, Backup Lead MSR

Melanie Matter, MSR

Rachel Bennett, MSR

Lewisburg/Evangelical

Diana Metzger, Loan Officer

Doreen Artley, Lead MSR

David Zerbe, Backup Lead MSR

Barbara Gemberling, Backup Lead MSR

Susan Follmer, MSR/Indirect Support

Susanne Welte, Universal MSR

Atrice Reichelt, MSR

Cathy Cooper, MSR

Mount Carmel

Carol Altomare, Lead MSR/Operations Supervisor

Debra Kowaleski, Backup Lead/Universal MSR

Dylan Dombroski, Universal MSR

Call Center

Karen Blue, MSO

Janet Williams, MSO

Allison Minnick, MSO

Corporate Support

Shawn Merritt, Compliance Officer

David Ilgen, IT Manager

Zachary Lytle, IT Support

Ali Munshower, Digital & Card Specialist

Jessica Rhodes, Accounting Supervisor

John Micklo, Back Office Support

Sherri Seiverling, Back Office Support

Mary Gratti, Loan Servicing Agent

Kelsey Hartzler, Loan Officer

Emily Showers, Training Coordinator/Admin Assist.

Carla Schmidt, Collections Manager

Jennifer Donnelly, Collections Assistant

Ashley Pyle, Marketing Specialist

Branch Locations & Hours

Main Branch: Danville

390 Walnut Street

Danville, PA 17821

M-Th 8^{AM}-4:30^{PM}, F: 8^{AM}-6^{PM} Sat: 9^{AM}-12^{PM}



Bloomsburg

599 East 7th Street

Bloomsburg, PA 17815

M-Th 8^{AM}-4:30^{PM}, F: 8^{AM}-6^{PM} Sat: 9^{AM}-12^{PM}



Lewisburg

1339 Saint Mary Street, Suite 1

Lewisburg, PA 17837

M-Th 8^{AM}-4:30^{PM}, F: 8^{AM}-6^{PM} Sat: 9^{AM}-12^{PM}



Mount Carmel

11218 State Route 61

Mount Carmel, PA 17851

M-Th 8^{AM}-4:30^{PM}, F: 8^{AM}-5^{PM} Sat: 9^{AM}-12^{PM}



Evangelical Community Hospital

1 Hospital Drive

Lewisburg, PA 17837

M-F 7:30^{AM}-4^{PM}



Merck Cherokee Pharmaceuticals

100 Avenue C

Riverside, PA 17868

M, Tu, & F: 8^{AM}-1^{PM}



800.834.0082
mcfcu.org

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