

Statement of Financial Conditions

ASSETS:	2014	2015	2016
Net Loans	45,276,000	45,633,000	49,520,000
Cash & Investments	32,628,000	35,062,000	33,393,000
Other Assets	2,217,000	2,165,000	2,264,000
TOTAL ASSETS	80,121,000	82,860,000	85,177,000

LIABILITIES & MEMBERS' EQUITY:

Dividends & Accounts			
Payable	64,000	71,000	325,000
Shares	37,950,000	41,179,000	43,492,000
Share Drafts	20,248,000	24,880,000	25,734,000
Indexed Money Markets	3,280,000	2,609,000	2,100,000
Certificates	12,227,000	7,732,000	7,336,000
Statutory Reserve	597,000	597,000	597,000
Undivided Earnings	5,755,000	5,791,000	5,592,000
TOTAL LIABILITIES & MEMBERS' EQUITY	80,121,000	82,860,000	85,177,000

INTEREST INCOME:

Interest on Loans	2,445,722	2,562,747	2,690,962
Investment Income	478,584	480,544	550,977
TOTAL INTEREST INCOME	2,924,306	3,043,291	3,241,939

INTEREST EXPENSE:

Dividends	125,986	86,468	72,949
Interest on Borrowings	7,495	5,728	3,711
TOTAL INTEREST EXPENSE	133,481	92,196	76,660

NET INTEREST MARGIN	2,790,826	2,951,095	3,165,279
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NON INTEREST INCOME:

Fee Income	744,904	748,414	761,902
Other Income	133,621	126,729	135,821
TOTAL NON INTEREST INCOME	878,524	875,143	897,723

NON INTEREST EXPENSE:

Employee Compensation	1,889,812	1,621,479	1,687,553
Office Occupancy	208,349	212,733	213,862
Other Operating Expenses	1,187,922	1,189,118	1,289,333
Provision for Loan Loss	161,964	199,900	145,294
Professional Services	160,368	431,454	546,114
Educational/Promotional	164,423	69,216	75,348
TOTAL NON INTEREST EXPENSE	3,772,838	3,723,899	3,957,504

NET INCOME:	(103,488)	102,339	105,498
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NET WORTH TO ASSETS RATIO:	8.20%	8.05%	7.96%
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BOARD OF DIRECTORS

Joseph Herrle	Chair
John Switalski	Vice Chair
Jeffrey VanHorn	Treasurer
James Rushing	Assistant Treasurer
Larry Beahm	Secretary
Mark Bamat	Director
Gloria Carbaugh	Director
Phyllis Favorite	Director
Dr. Richard Harris	Director
Jay Muir	Director
Angie Thompson	Director

BOARD EMERITI

Hugh Mose	Director
Richard Singer	Director
Peggy Lu Zimmerman	Director

SUPERVISORY COMMITTEE

Jeffrey Stang	Chair
Mary Carbonara	Committee Member
Larry Cramer	Committee Member
Chad Horne	Committee Member
David Mentzer	Committee Member

SPE FEDERAL CREDIT UNION STAFF

Senior Management

Michael J. Meier	President/CEO
Joshua Fritchman	VP/CFO
Michael Scott	VP/CLO

Operations and Training Manager

Lori Miller

Marketing Manager

Christa Hosterman

Branch Manager

Cathy Howell Washington St., Huntingdon

Assistant Branch Managers

Barbara Bernier	Science Park Rd., State College
Linda Brenneman	Washington St., Huntingdon
Evan Smith	East College Ave., State College

Assistant Loan Managers

Brenda Cerett / Linda Haines / Sue Hartswick

Member Service Advocates

Ashley Dalton	Christine McClellan
Abby Payne	Laura Nicholas
Sharon Hege	Tracy Powell
Paula Hockenberry	Dawn Rogers
Christian Kafka	

Accounting

Ella Kerstetter
Sherri Klaus
Melissa Mangan

Member Business Loans

Anna VanAlstine



2016 Annual Report



Science Park Road, State College



College Avenue, State College



Washington Street, Huntingdon

Supervisory Report

All credit unions are required by law to have a supervisory committee. The job of a supervisory committee is to oversee all aspects of the credit union to determine that it is soundly managed and that members' assets are safeguarded. To do this, the supervisory committee monitors and evaluates the quality of the credit union's finances, operations, and decisions.

The supervisory committee is a dedicated group of volunteer members of the credit union consisting of Jeffrey Stang as the committee chairman, and Chad Horne, Larry Cramer, Mary Carbonara, and David Mentzer.

In order to fulfill our responsibility in 2016, the supervisory committee conducted periodic examinations to verify that operations of the credit union were accurate and efficient. These examinations included:

- Surprise teller drawer, vault and ATM cash audits at all branches
- Consumer Loan audits
- Quarterly review of closed accounts

None of these examinations revealed more than minor procedural issues.

The supervisory committee's efforts were augmented by the services of a professional audit firm, Padden, Guerrini, and Associates. This firm conducted legally mandated audits and special assessments of other areas of credit union operation. Results of these examinations were reported to the supervisory committee and to SPEFCU management. Issues identified by these examinations are either closed or are actively being addressed by management.

Through regular attendance at Board of Directors meetings, review of Board minutes, and policy decisions we believe that the actions of the Board are sound and responsive to the needs of the SPE Federal Credit Union members.

We are pleased to report that in our opinion the activities of the SPE Federal Credit Union have been administered in compliance with all rules and regulations of the National Credit Union Administration and the bylaws of the SPE Federal Credit Union.

Respectfully submitted,

Jeffrey Stang

SPEFCU Supervisory Committee

Chairman's Message

Suddenly, your Credit Union is almost 40 years old. Started as a small co-op to provide limited banking services to a close employee group (HRB Singer) we have grown to provide a full menu of financial services to anyone who lives in, works in, or worships in Centre or Huntingdon County.

With approximately 10,000 members, and \$85,000,000 in asset we manage your trust with an enthusiastic and committed Board of Directors and staff. Each of our 11 Board Members brings special and unique talents to serve the Credit Union and represent diverse member perspectives.

In the past 24 months we have seen a steady and careful increase in profitability and return on assets. Each employee realizes the times we live in require more effort and better team work to meet each day. In summary, we are able to run a "lean ship" and concentrate on delivery of service that is reliable and cutting edge.

The aforementioned Board is certainly tired of hearing my repetitive message. It is my view that "growing" the Credit Union is paramount to the future. Yet, financial "best practices" require that we grow cautiously and make prudent investments.

In 2014 we became a founding member of rkGoBig LLC. rkGoBig is a cooperative of (6) carefully matched Credit Unions (differing sizes, markets, and locations) situated in a tristate area to collaborate on the power of bulk buying or negotiating costs for back office, processing and compliance costs. Then in 2016 we again gained ground in operational efficiency, retained earnings and overall financial soundness.

In 2017, I plan to retire as your Board Chairman (over 25 years of service) and I will move to Board Emeritus. The current Board Members are well prepared, trained and committed to "grow" our Credit Union and meet each challenge for decades to come.

As I wish you well, I have one last request. Please think of SPE as your primary banking resource. There is no financial question or service that the highly trained staff of SPE FCU cannot serve.

Respectfully submitted,

Joseph C. Herrle

SPE Federal Credit Union Chairman of the Board

President's Message

Thank you for all the patience, cooperation and support this past year as we completed our systems upgrades. While there were certainly challenges, the enhanced features, functions, service capability and flexibility more than overshadow those challenges and your credit union is in the best position to help our members today and well into the future. In fact, we are refocusing our efforts toward improving our members' financial life. Specifically, our objective is to serve as a partner with you to identify your individual needs and look for solutions that will help you:

- Save money
- Make money
- Save time
- Provide peace of mind/ remove stress, and/ or
- Provide convenience and frictionless service.

Our ultimate goal is to help you in every way at every contact!

Through this value proposition, we continue the journey that our founders started – to improve the way financial services are done and provide a tangible benefit for everyone affiliated with the credit union. Not only is this our proposition, but it is also our culture. We are dedicated to helping every member plan, prepare for, and achieve financial success at all points of their life. Our capable and competent staff are devoted to providing education, listening to your needs, discussing your unique individual situation and being an advocate for your success. The credit union is a cooperative and we aspire to fully work together as you travel on your financial journey.

Here are a few examples of ways we believe the credit union can help.

- During our free, credit checkup service, we review your credit history, provide education on the report and identify ways to improve your credit score and help lower your costs of borrowing.
- Our Kasasa 'rewards checking' product is a free account that provides high dividends and nationwide ATM fee refunds.
- Our newest products, mobile banking, mobile deposit capture, and text banking are easy to use, convenient and will save you time.

As I mentioned previously, our focus includes providing convenient ways for you to work with the credit union that match your individual lifestyles. Throughout all, we remain committed to expanding and deploying the necessary security tools and communication techniques to protect your information and provide peace of mind.

I want to thank you for your trust and support during the past year. We're looking forward to helping you toward a better future so please reach out to our staff with any questions or concerns. We're here to help you navigate it successfully.

Respectfully submitted,

Michael J. Meier

Michael J. Meier
President/CEO