

Statement of Financial Condition

	2017	2018	2019
ASSETS			
Net Loans	53,965,208	59,152,673	63,994,731
Cash & Investments	33,120,912	31,383,566	33,105,999
Other Assets	2,140,962	2,854,130	3,852,996
Total Assets	89,227,082	93,390,369	100,953,726
LIABILITIES & MEMBERS' EQUITY			
Other Liabilities	87,911	388,250	578,163
Shares	47,562,201	48,615,170	51,976,605
Share Drafts	26,988,575	28,769,586	27,576,602
Money Markets	1,430,684	651,813	0
Certificates	6,418,405	8,100,153	11,128,636
Statutory Reserve	596,964	596,964	596,964
Undivided Earnings, Secondary Capital, & Unreal. Gain (Loss)	6,142,342	6,268,434	9,096,756
Total Liabilities & Members' Equity	89,227,082	93,390,369	100,953,726
INTEREST INCOME			
Interest on Loans	2,917,026	3,155,672	3,379,838
Investment Income	607,275	662,715	664,806
Total Interest Income	3,524,301	3,818,388	4,044,644
INTEREST EXPENSE			
Dividends	70,493	101,199	209,559
Interest on Borrowings & Secondary Capital	10,502	49,612	30,650
Total Interest Expense	80,995	150,811	240,208
Net interest margin	3,443,305	3,667,576	3,804,436
NON INTEREST INCOME			
Fee Income	760,984	801,733	861,751
Other Income	156,048	262,241	245,142
Total Non Interest Income	917,032	1,063,974	1,106,893
NON INTEREST EXPENSE			
Employee Compensation	1,629,892	1,826,834	1,921,837
Office Occupancy	207,960	210,698	206,584
Other Operating Expenses	1,026,491	987,035	1,052,271
Provision for Loan Loss	188,102	277,458	341,304
Professional Services	773,114	900,280	959,652
Educational/Promotional	99,315	165,615	192,540
Total Non Interest Expense	3,924,873	4,367,921	4,674,187
NET INCOME	435,464	363,630	237,142
Net Worth to Assets Ratio:			
Unrealized Gain/(Loss)	8.08%	8.11%	9.72%
on Investments	\$(472,351)	\$(709,889)	\$(118,709)
(for Net Worth Calculation)			

BOARD OF DIRECTORS	
Dr. Richard Harris - Chair	
Jay Muir - Vice Chair	
Jeffrey VanHorn - Treasurer	
Andy Reisinger - Assistant Treasurer	
Wendy Vinhage - Secretary	
Larry Cramer - Director	
Joe Herrle - Director	
Mike Kipphan - Director	
Brad Lunsford - Director	
Lonnie Woomer - Director	
BOARD EMERITI	SUPERVISORY COMMITTEE
Larry Beahm	Mark Thorwart - Chair
Hugh Mose	Larry Cramer
Richard Singer	Mary Carbonara
John Switalski	Kathy Moore
	Wendy Myers
SPE FEDERAL CREDIT UNION STAFF	
Senior Management	
Michael J. Meier President/CEO	
Joshua Fritchman VP/CFO	
Michael Scott VP/CLO	
Marketing Manager	Assistant Branch Manager
Christa Hosterman	Linda Brenneman
Operations	Assistant Loan Managers
Barb Bernier	Brenda Cerett
Lori Miller	Linda Haines
	Jackie Grey Voltz
BSA Risk and Compliance Officer	Member Advocate Supervisors
Sherri Klaus	Abbie Duck
	Kristin Macafee
Commercial Lending	Senior Member Advocates
Charlie Kasper	Shelly Andrews
Ken Schirling	Bobbi Marshall
	Margie Price
Controller	Gretta Ray
Christina Swanger	Dawn Rogers
	Ryan Tucker
Accounting	Keri Panek
Marcia Grupp	Brittany Cox
Ella Kerstetter	Stacey Phillips
Branch Managers	
Randy Baldwin	
Ashley Dalton	
Cathy Howell	

Community



Annual Report 2019



Chairman’s Report

Welcome I am pleased to have this opportunity to review what we accomplished in 2019 and to give you a look at where we are headed.

At last year’s annual meeting I reported that SPE adopted a new strategic plan for 2019-2021. **This plan focuses on three goals:**

- Rapidly growing while maintaining financial soundness
- Measurably improving services and benefits for our members
- Increasing our value to the communities we live in

I’d like to update you on how well we are accomplishing these goals:

- In the first year of our RISE dividend reward program we directly returned over \$110,000 to our members.
- We returned an additional \$63,000 through eliminating most of our service fees.
- We initiated 13 new fresh start loans. These loans helped our members re-establish their credit ratings after they had been degraded by life events such as divorce, medical costs or job loss.
- Equally important is the value that our front-line employees deliver daily to individual members through credit checkups and helping develop solutions to their financial problems. Our Facebook page is full of stories showing the many ways we improve the financial lives of our members.

We believe that we have a responsibility both to our members and to the communities in which we live. In 2019 we increased our investment in those communities. For example:

- Huntingdon needed a police dog to support their counter-drug initiative but they did not have the funds to purchase and train the dog. SPE donated funds to buy the dog and train the dog and its handler. This dog (Officer X) started active duty in February.
- We financially supported the heart of JCo, a Huntingdon area charity focused on improving the lives of children from financially challenged families
- We awarded our first scholarship to a student entering a local tech school. This new program will continue in 2020.
- Once more we offered our popular shred day and, with enthusiastic employee assistance, supported the United Way Day of Caring.

These investments in our community would not have been possible without continued strong financial performance, as demonstrated in the Statement of Financial Condition contained herein. You received copies of the 2019 financial data as you arrived. I’d like to call your attention to a couple of items. We achieved a major milestone in 2019 when our

total assets exceeded \$100M. This was an 8% increase over 2018. You may have noticed that net income decreased. However, if you add back in the \$173,000 we returned directly to our members in the form of dividends and reduced fees, net income would have increased by 12.7% in 2019.

Word about the value of SPE membership is spreading. We enrolled almost 17% more new members in 2019 than we did in 2018.

With a strong 2019 behind us, what do we have to look forward to in 2020?

- Our new Huntingdon facility opened for business on March 17. We are all excited about this.
- We expect to continue growing in assets and income. This will result in more being returned to our growing family of members
- To support this growth we will be increasing staff by about 15%. Several of these new people are already on board.

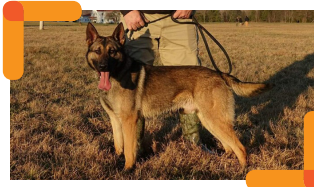
This growth in service to our members could not happen without the significant contributions of my fellow volunteer board members, the volunteer supervisory committee, and especially of the credit union staff. All of you have my sincere gratitude for your tireless efforts.

I’m confident that this team will continue to demonstrate that SPE’s success is more than numbers on a page. It’s helping to improve the lives of our members, one day at a time.

Respectively,



Dr. Richard Harris, Chairman



Officer X

President’s Message

As I write this message, the country and the world are deeply entrenched in dealing with COVID-19. The credit union is doing what we can to support our employees, members and communities by providing unprecedented assistance to help. These are troubling times, but by working together we will get through them and this event will pass.

At SPE, our mission is **“to provide financial solutions to everyday challenges and to improve the financial well-being of our members and communities.”** The need for this is no more apparent than it is today!

You’ll note, in our Board Chair’s report, some statistics and examples of how the credit union is living out our mission and serving our members and the communities. Let me review how we do that.

First, ‘to provide financial solutions’ is just what it says. We’ve adopted a member advocacy focus in which we work with you to understand your unique situation, provide some education and identify opportunities such that we can provide appropriate solutions that make sense for you. We value the relationships we have with our members and continuously seek to deepen those for mutual benefit. Our staff is extremely dedicated and passionate about helping our members. We don’t ‘sell’ products and services. Those are just the tools we use to help you achieve your goals

Next, ‘everyday challenges’ are the things we all deal with. We all have busy lives. Work, school, volunteer activities, friends, raising families, dealing with various ‘life events, etc. occupy our days. Most people are NOT thinking about their finances and we are all overwhelmed with the barrage of financial choices that exist.

‘To improve the financial well-being of our members’ answers the question “Why does the credit union exist?” We want you to be in the best financial shape possible and we recognize that it’s difficult (if not impossible) to be an ‘expert’ in everything – especially finances. This is where we believe the credit union can help.

There are lots of confusing (sometimes bad) components to the ‘deals’ that are being offered and consumers often end up paying more than they should through no fault of their own. It’s difficult to comb through and understand some of those agreements if you’re not familiar with them.

As a credit union we are different, and we believe that this difference is what allows us to serve effectively as your financial advocate. As such, we can provide value in many ways that are specific to your unique situation.

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. We’re here to help you navigate it successfully.

Respectfully submitted,



Michael Meier, President/CEO

Supervisory Committee 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 Mark Thorwart as the committee chairman, Larry Cramer, Mary Carbonara, and two new members this year, Wendy Myers, and Kathy Moore. We want to thank outgoing members Chairman Jeff Stang and Ron Summers for their years of service.

In order to fulfill our responsibility in 2019, 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
- Quarterly Consumer Loan audits
- Quarterly review of closed accounts
- Annual Employee expense report audit
- Annual Incentive Audit
- Quarterly AuditLink Reviews

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, RKL. 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.

We would like to thank the Board, Management and all employees who supported the Supervisory Committee

Respectively submitted,



Mark Thorwart, Chairman
Supervisory Committee