



Chairman's Report

Welcome to this year's annual meeting – our first under our new name of Arize. I am excited to have this opportunity to review what we accomplished in 2020 and give you a look at where we are headed as we emerge from the restrictions imposed by the pandemic. 2020 was the second year under the 3-year strategic plan that we adopted in 2018. This plan focuses on three goals:

- Improving services and benefits for our members.
 - Increasing our value to the communities we live
 - Growing while maintaining financial soundness.
- I'd like to update you on how well we are accomplishing these goals:
- We continued our RIZE reward program which directly returns money to our members each month.
 - We continued to impose the fewest and lowest fees in the region.
 - We continued to offer free credit checkups. This helps identify where we can help develop solutions to our members' financial problems.
 - Our new Huntingdon facility opened on March 13, 2020. This facility is the first financial institution in the state to rely on solar power. We sold the former Huntingdon facility last July.

We continue to believe that we have a responsibility to the communities that we live in and serve.

- We held our State College Shred Day in partnership with The Rotary. We shredded 12,000 lbs. of paper and raised \$1,500 for the State College food bank.
- We were able to make a substantial contribution to help Port Matilda EMS.
- We awarded four \$3,000 scholarships to students pursuing degrees at trade and technical schools.
- We continued to support the heart of JCo, a Huntingdon area charity focused on improving the lives of children facing financial troubles.
- We donated funds needed to purchase and train a police dog named Officer X for the Huntingdon Borough Police Department.
- These investments in our community would not have been possible without continued strong financial performance.
- We achieved a major milestone in 2019 when our total assets exceeded \$100M for the first time. In 2020 our assets grew by 23% to \$124.6M.
- In a year when closures financially challenged many of these businesses, we grew our business loans by over 300% and facilitated over \$5.3M of loans through the federal paycheck protection program which helped 87 businesses preserve over 450 local jobs.

- We ended the year with 10,613 members, a year over year growth of 3.3%. This member growth is especially noteworthy given that our lobbies were closed for much of the year due to COVID.
- We are currently in the planning stages for relocating our College Avenue office. We expect to purchase land in 2021, break ground in 2022, and move into the new building in 2023.

The service and benefits we provide to our members could not happen without the contributions of the volunteer board members, the volunteer supervisory committee, and 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 we measure Arize's success by more than numbers on a page. We measure our success by how well we fulfill our mission to improve the lives of our members.

Respectfully,
Dr. Richard Harris, Chairman

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 who also serves on the Board of Directors, Mary Carbonara, Wendy Myers, and Kathy Moore.

While Covid caused many disruptions to business as usual in 2020, the supervisory committee continued to perform their duties as practical given the safety protocols in place. In 2020, the supervisory committee conducted periodic examinations to verify that operations of the credit union were accurate and efficient. These examinations included:

- Quarterly consumer loan audits, review of closed accounts, AuditLink reviews.
- Annual employee expense report audit, incentive audit.

None of these examinations revealed more than minor procedural issues. Out of an abundance of caution, the committee did not perform surprise cash count audits in 2020 due to temporary branch closures and concern for safety. Cash audits will resume in 2021 when safety protocols are relaxed. 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 Arize management. Issues identified by these examinations are either closed or are actively being addressed by management. Through regular attendance at Board meetings, review of Board minutes, and policy decisions we believe that the actions of the Board are sound and responsive to the needs of our members.

We are pleased to report that the activities of Arize Federal Credit Union have been administered in compliance with all rules and regulations of the National Credit Union Administration and the bylaws of Arize Federal Credit Union. We commend Arize management for successfully overcoming many challenges during a year that included pandemic related temporary branch closings, establishing a new identity with the name change to Arize Federal Credit Union, and opening a new branch location in Huntingdon. Well done! The committee thanks the Board, Management and all employees who supported the Supervisory Committee.

Respectively submitted,
Mark Thorwart, Chairman

President's Message

As I write this message, the country and the world are eager to move past the COVID-19 pandemic. While businesses are reopening to full capacity, students are returning to classrooms, and unemployment has decreased, the pandemic will have a much longer lasting impact on everyone. Many businesses lost revenue and some of them never reopened. Teachers and students did a remarkable job adapting to virtual learning, but it is no substitute for in-person interactions. Even though the unemployment rate has decreased, many people are still underemployed or adjusting to working in different jobs than before the pandemic. Consumer behaviors and how we do business have changed in ways very few people imagined at the beginning of last year. As the world begins the recovery from the devastation caused by COVID-19, the credit union continues to do what we can to support our employees, members, and communities by providing unprecedented assistance to help. You'll note, in our Board Chair's report, some information 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 where we

work with you to understand your unique situation, provide education, and identify opportunities to 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 all of us feel overwhelmed at times 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 place 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 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. One thing you've probably noticed is our new name. After more than 40 years operating as SPE, our Board approved changing the credit union name and we became Arize Federal Credit Union on March 1. As the business has grown and evolved over the years, the name SPE no longer reflects the broader community and membership that we serve. And acronyms can be confusing, so we felt it was time for a change. The new name will distinguish us from amongst a crowded financial space and portrays a fresh, modern, and forward-thinking organization. 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

Statement of Financial Condition

ASSETS	2018	2019	2020
Net Loans	59,152,673	63,994,731	75,885,921
Cash & Investments	31,383,566	33,105,999	42,607,574
Other Assets	2,854,130	3,852,996	6,086,053
Total Assets	93,390,369	100,953,726	124,579,548
LIABILITIES & MEMBERS' EQUITY			
Other Liabilities	388,250	578,163	473,508
Shares	48,615,170	51,976,605	64,518,932
Share Drafts	28,769,586	27,576,602	36,814,988
Money Markets	651,813	0	0
Certificates	8,100,153	11,128,636	11,936,953
Statutory Reserve	596,964	596,964	596,964
Undivided Earnings, Secondary Capital, & Unreal. Gain (Loss)	6,268,434	9,096,756	10,238,204
Total Liabilities & Members' Equity	93,390,369	100,953,726	124,579,548
INTEREST INCOME			
Interest on Loans	3,155,672	3,379,838	3,559,343
Investment Income	662,715	664,806	586,947
Total Interest Income	3,818,388	4,044,644	4,146,290
INTEREST EXPENSE			
Dividends	101,199	209,559	227,360
Interest on Borrowings & Secondary Capital	49,612	30,650	120,006
Total Interest Expense	150,811	240,208	347,366
NET INTEREST MARGIN			
	3,667,576	3,804,436	3,798,924
NON INTEREST INCOME			
Fee Income	801,733	861,751	747,813
Other Income	262,241	245,142	718,794
Total Non Interest Income	1,063,974	1,106,893	1,466,606
NON INTEREST EXPENSE			
Employee Compensation	1,826,834	1,921,837	2,214,892
Office Occupancy	210,698	206,584	254,817
Other Operating Expenses	987,035	1,052,271	1,042,761
Provision for Loan Loss	277,458	341,304	278,259
Professional Services	900,280	959,652	966,525
Educational/Promotional	165,615	192,540	226,567
Total Non Interest Expense	4,367,921	4,674,187	4,983,822
NET INCOME			
	363,630	237,142	281,708
Net Worth to Assets Ratio:	8.11%	9.72%	8.10%
Unrealized Gain/(Loss) on Investments for Net Worth Calculation)	\$(472,351)	\$(709,889)	\$741,031

Board of Directors

Dr. Richard Harris-Chair
Jay Muir-Vice Chair
Jeffrey VanHorn-Treasurer
Andy Reisinger-Assist. Treasurer
Wendy Vinhage-Secretary
Rich Singer
Brad Lunsford
Joe Herrle
Larry Cramer
Monica Wright
Lonnie Woomer

Board Emeriti

Hugh Mose
Larry Beahm
John Switalski

Supervisory Committee

Mark Thorwart-Chair
Mary Carbonara
Larry Cramer
Kathy Moore
Wendy Myers

Arize Federal Credit Union Staff

Senior Management

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

Marketing

Christa Hosterman
Mary Potter

Operations

Barb Bernier
Lori Miller

BSA Risk and Compliance Officer

Sherri Klaus

Commercial Lending

Ken Schirling
Marcia Grupp

Controller

Christina Swanger

Accounting

Ella Kerstetter

Branch Managers

Randy Baldwin
Ashley Dalton
Cathy Howell

Assistant Branch Manager

Linda Brenneman

Assistant Loan Managers

Brenda Cerett
Jackie Grey
Shelly Andrews

Member Advocates Supervisors

Abbie Duck
Kristin Macafee

Senior Member Advocates

Tina Fach
Keri Panek
Gretta Ray
Shawn Twomley
Bobbi Marshall
Stacey Phillips
Margie Price

Arize Trade and Technical School Scholarship Recipients



Alexa Bressler is currently studying Dental Hygiene at Penn College.



Emmalee Campbell is studying Diagnostic Medical Sonography at South Hills.



Ryan Rider was accepted to Penn State to study Industrial Engineering.

Annual Report 2020

Arize
Federal Credit Union