

Annual Report 2024



Federal Credit Union

President's Message

In the year 2024, the credit union continued the streak of strong results. We welcomed over 1,000 new members and disbursed almost \$32 million in consumer loans in aggregate. Net income was over \$900,000, total loans grew to over \$106 million, and total assets reached another high, surpassing \$160 million. At the same time, the inflation rate in September was "much closer" to the Fed's 2% target, per the Fed Chair, leading the Fed to begin decreasing interest rates toward the end of the year. However, as we turned the calendar, they placed a 'pause' on further rate cuts. The economy is still experiencing higher costs for consumers, declining household savings, and credit card balances at the highest level in more than 20 years. The latter will impact consumers for years. This is where the credit union can help.

Our mission **'to provide financial solutions to everyday challenges and to improve the financial well-being of our members and communities'** is simple. It centers around an advocacy approach toward providing solutions and solving problems and reflects the experience members expect and receive from the credit union.

One way we improve financial well-being is through added value. 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 is difficult to look through and understand some of those agreements if you are not familiar with them. To address this, we provide a free credit checkup where a member of our team will confidentially review your credit report with you for educational purposes and to identify any errors and opportunities to improve your situation. We are confident we can provide much-needed financial relief to many households, especially those carrying credit card debt. Our team is knowledgeable and experienced and works as your advocate. We have countless stories in which performing a credit checkup resulted in saving members hundreds of dollars per month in payments and thousands of dollars in interest. Let us create a story with you.

On the deposit side, the credit union was able to again provide higher returns relative to the local market. Through this effort, we paid out record dividends of more than \$2.4 million to our members last year.

Credit unions are a unique type of financial institution, and we believe that 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 situation. Please let us know what concerns you have, and we will work with you to find appropriate solutions.

During the year we were also busy preparing for and moving into our new headquarters. The new facility provides easier access, improved parking, enhanced security, and increased visibility, along with a community space available for use by community groups. Not only will the space provide better service for the members, but it also demonstrates our long-term commitment to being part of the community. We invite you to stop by.

Arize Staff Events

During the second Annual Arize Staff Culture Event, our staff was randomly assigned to four teams. Each team participated in a scavenger hunt through Tyrone. The Blue team, which included Mike Scott, Jackie Grey, Christa Hosterman, Clare Alexander, Stacey Phillips, Erica Hillard, and Abbie Duck won the scavenger hunt.

During this event, we also presented three team members with awards. Those winners were Kristin Macafee, who received the Annual Culture Award for championing excellence and fostering unity; Kelly McHugh, who was awarded the Positivity Award for radiating optimism, inspiring growth, and spreading joy throughout our Arize community, and Bobbi Marshall, who earned the Teamwork Award for uniting efforts and igniting success. We are so proud of their contributions and the impact they have on our organization!



Benner Pike Building



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

Respectfully submitted,
Michael J. Meier
President & CEO

Chairman's Message

I remember my first reaction when I was asked to serve on our board. Why me? I had no knowledge of the banking industry. I didn't take any finance classes in college. I can balance a checkbook and understand the power of compound interest, but that was the extent of my exposure to the world of banking. I had served on many charitable boards throughout my career, but I had never served on an institutional or professional board. This request to serve came from my friend, Hugh Mose. He simply said, trust me.

I'm glad I did.

The core focus of our credit union is service to our members and service to our community. Arize does that in a myriad of ways.

We stand with organizations that serve our children, especially those who have been victimized and those who live in poverty. We stand with law-enforcement in their mission to serve and protect our communities.

Our scholarship program reduces the financial burden for students who seek a degree in technical fields.

While the outreach and marketing committees perform these vital functions in our community, our Member Advocates and Loan Officers are on the front line supporting the financial needs of our members. They protect our members from scams, and they work their magic to reduce the burdens and stress of debt. In short, they work every day to improve their lives. They are our heroes. Check out our Facebook post entitled Feel Good Friday and you'll see their great work being performed every day.

On behalf of the members of our Board of Directors, thank you for another great year. Thank you for your diligent service to our members in our community. And thank you all for the opportunity to be a part of this amazing team. I am proud to serve you all.

Judge Brad Lunsford (Ret.)
Chairman. Arize FCU Board of Directors

Community Impact Scorecard

Saved members \$127,427 by not charging 90% of common bank fees



Welcomed 1,056 new members

Shredded 12,600 pounds of paper during Shred Day

Opened 214 fixed rate reward credit cards

Completed 2,765 credit checkups



Powered two branches with 100% solar energy

Approved \$5,552,018 in personal loans

\$2,641,064 in small business loans

Over \$90,000 in donations and sponsorships to 40 local nonprofit organizations

Approved \$12,528,032 in auto loans



Closed on 142 Home Equity Lines of Credit

Over 2,100 Community Impact hours by staff & board

Arize Community Involvement



The Marketing Team presenting PAWS with our Universal Sponsorship check



Barb, Ashley, and Kristin helping WPSU pack solar eclipse bags for local schools



Clare and Stacey donating supplies to the Huntingdon County Humane Society

Statement of Financial Condition

	2022	2023	2024
ASSETS:			
Net Loans	88,437,664	101,217,448	106,127,120
Cash & Investments	35,762,570	43,042,234	38,989,067
Other Assets	7,506,926	11,934,833	16,258,544
Total Assets	131,707,159	156,194,514	161,374,731
LIABILITIES & MEMBERS' EQUITY:			
Other Liabilities	622,228	2,967,342	499,142
Shares	70,828,465	59,119,283	62,024,801
Share Drafts	43,864,358	39,337,720	41,781,467
Certificates	8,438,009	44,835,229	45,935,082
Undivided Earnings, Secondary Capital, & Unreal. Gain (Loss)	7,357,135	9,934,939	11,134,238
Total Liabilities & Members' Equity	131,707,159	156,194,514	161,374,731
INTEREST INCOME:			
Interest on Loans	4,360,461	6,004,995	7,689,857
Investment Income	778,206	1,152,041	1,226,181
Total Interest Income	5,138,667	7,157,036	8,916,038
INTEREST EXPENSE:			
Dividends	79,668	1,412,543	2,422,670
Interest on Borrowings & Secondary Capital	144,940	176,904	211,096
Total Interest Expense	224,608	1,589,446	2,633,766
NET INTEREST MARGIN	4,914,059	5,567,590	6,282,272
NON INTEREST INCOME:			
Service Income	1,273,452	1,420,264	1,561,977
Other Income	173,645	168,827	312,463
Total Non Interest Income	1,447,097	1,589,091	1,874,440
NON INTEREST EXPENSE:			
Employee Compensation	2,597,210	2,774,411	3,303,346
Office Occupancy	308,316	291,225	400,161
Other Operating Expenses	1,114,558	1,189,514	1,325,174
Provision for Loan Loss	439,866	374,479	943,566
Professional Services	857,396	995,264	1,046,639
Educational/Promotional	158,601	248,640	208,253
Total Non Interest Expense	5,475,947	5,873,533	7,227,139
NET INCOME:	885,209	1,283,149	929,573
Net Worth to Assets Ratio:	8.69%	8.13%	8.45%
Unrealized Gain/(Loss) on Investments for Net Worth Calculation)	\$(3,486,522)	\$(2,765,057)	\$(2,495,331)

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 Mary Carbonara, as the committee chair, Wendy Myers, Mark Thorwart, Ron Mesavage and Tracy Getz.

In order to fulfill our responsibility in 2024, 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
- Quarterly review of closed accounts
- Annual employee expense report audit
- Annual incentive audit
- Annual surprise cash count audits at all three branches

These examinations consistently reveal no more than minor procedural issues.

The supervisory committee's efforts are augmented by the services of the professional audit firm, RKL. This firm conducts legally mandated audits and special assessments of areas of credit union operation requested by the Supervisory Committee. Results of these examinations are reported to the committee and to Arize management. Issues identified by these examinations are reviewed and actively addressed by management.

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

We are pleased to report that in our opinion 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 the Arize Federal Credit Union. We commend Arize management for their efforts and expertise in navigating the current financial climate. Job well done!

The committee thanks the Board, Management and all employees who support the Supervisory Committee.

Respectfully submitted,
Mary Carbonara, Chair
Arize FCU Supervisory Committee

Volunteers

Judge Bradley Lunsford (Ret.) – Chair
Monica Wright – Vice Chair
Richard Singer – Treasurer
Nadine Kerlin – Assistant Treasurer
Larry Cramer – Secretary
Darrell Early
Joseph Herrle
Scott Huber
Alpesh Parmar
Richard Scialabba
Lonnie Woomer

Board Emeriti

Larry Beahm
Dr. Richard Harris
Hugh Mose

Supervisory Committee

Mary Carbonara – Chair
Larry Cramer
Tracy Getz
Mark Throwart
Ronald Mesavage
Wendy Myers

Senior Management

Michael J. Meier, President/CEO
Joshua Fritchman, SVP/CFO
Michael Scott, SVP/CRO
Sean Albright, VP/COO
Ken Schirling, VP/CCLO
Erin Smith, VP/CHRO

Staff and Board of Directors

Senior Member Advocates

Clare Alexander
Taylor Andrews
Katie Barr
Erica Hillard
Erin Holmes
Chelsea Moore
Gretta Ray
Charlene Robinson
Olivia Yost

Assistant Branch Managers

Abbie Duck
Stacey Phillips
Randi Rhodes

Assistant Loan Managers

Shelly Andrews
Brenda Cerett
Jackie Grey Voltz

Branch Managers

Ashley Dalton
Kristin Macafee
Bobbi Marshall

Operations

Barb Bernier
Kelly McHugh

Compliance

Sherri Klaus
Shelby Ciulei

Technology Liaison & Compliance Support

Judy Murdoch

Accounting

Matt Gibson
Ella Kerstetter
Taylor Welker

Marketing

Christa Hosterman
Mary Potter

Commercial Lending

Cullen Corle
Crystal Sunderland

Arize

Federal Credit Union