



A Better Way to Bank

Annual Report July 28, 2020

Report of the Chairman of the Board of Directors July 28, 2020

There is an African Proverb that states, “The road to success is always under construction.” This proverb applies to your credit union as well. Today, to remain competitive in the financial world and vital to the members, the Board of Directors must plan more carefully than ever before.

Following last year’s annual meeting your Board of Directors held a “strategic planning meeting” to discuss the need to embrace the changing concept of technology in the financial world and in our local service area. After a great deal of discussion and debate, it was decided that we as a credit union must embrace the concept of “Video Banking”. It was felt that all the services and products available in the main office should be available wherever our members may be. If, for example, a member is away on vacation, away at college, or even moved out of the area, they should be able to go online and “see” a familiar credit union face and ask the questions or perform the transactions they desire. This is what competition in the marketplace requires today! We concluded that our members’ access to services needs to be:

- ✓ Comfortable ... even banking from home or work if desired
- ✓ Dependable ... having business hours that are more member oriented
- ✓ Versatile ... being available to members on several communication platforms (phone, tablet, computer, etc.)
- ✓ Cyber Secure ... with a department of outstanding computer specialists and an offsite data storage facility

So, while embracing our old traditions of friendliness, service, and dependability, we have just modified our delivery methods to meet the demands of the new “Digital World”.

Report of the Chairman of the Board of Directors, cont’d

Addressing the elephant in the room, COVID-19



Yes, COVID-19 hit the community hard, but thanks to an outstanding effort by the staff and our administrative leadership, the credit union remains strong. The Board of Directors appreciates and acknowledges the true “Credit Union Spirit” demonstrated by our staff during these trying times. We thank you all for dedication to the membership.

During the time that the main office lobby was closed, we took advantage of the opportunity and completed many of the modifications in the building necessary to complete our “Video Banking” project. While maintaining two traditional teller windows, new video teller stations were installed. Additionally, new flooring and painting projects were completed along with computer, telephone, and electrical updates. Improvements have also been completed in the “call center” making it a state-of-the-art digital wonder.

We on the Board of Directors feel that all these infrastructure investments will put us well ahead of our competition on the financial success curve.

Your credit union marked the end of the past year with total assets at \$133,116,102, an increase of \$12,987,701 over the previous year. At the end of 2019, we had 13,548 members in our credit union. Of that number of members, 5,327 members are using electronic and digital services. This growing number of members using technology reinforces our decision to move into our future with “Video Banking.”

Thank you to all our members who have been so patient with us during these trying and uncomfortable times. Thanks for sticking with us and check out the “New Things” happening at your credit union.

David J. Piatt
Chairman/Board of Directors

Report of the President/CEO
July 28, 2020

The credit union’s total net income for the year ending December 31, 2019 was \$852,898, an increase of 74.03% from the prior year-end total net income. The credit union experienced a 5.37% growth in loan income, a 39.24% growth in investment income, but a decrease of -1.93% in non-interest income. The additional income further strengthened the credit union’s position as a “well-capitalized” financial institution, as it recorded an end of year net worth (capital) ratio of 8.59%. The credit union’s total assets were \$133,116,102, a 10.81% increase from the previous year. Total loans increased to \$54,013,947, reflecting 5.13% loan growth from the end of 2018.

During the financial year 2019, the credit union was granted a Low Income Designation (LID) by the National Credit Union Administration (NCUA). Credit unions are able to qualify for LID status when a majority of its membership (50% + one member) qualifies as low-income members, which includes members with a family income 80% or less than the median family income for the metropolitan area where they live or national metropolitan area, whichever is greater. With this designation, the credit union has the ability to accept non-member deposits, offer secondary capital accounts, receive exemption from the aggregate loan limit for Member Business Loans (MBL), apply for technical assistance grants, and participate in low-cost loans from the NCUA Community Development Revolving Loan Fund. As a community credit union, it is essential that NE PA use the tools made available through our federal regulatory agency to efficiently serve the unique needs of the members in both Monroe and Pike Counties.

To further create value for the membership, NE PA implemented many new products and services during 2019. The credit union entered a relationship with Enterprise Vehicle Sales, and offered a variety of loan-related promotions to encourage members to simplify their auto-buying experience by consulting with Enterprise, while at the same time helping to increase member utilization of the credit union’s vehicle loan products. NE PA expanded its service presence in the “West End” of Monroe County by partnering with Kinsley’s Family Market to install an Integrated Teller Machine (ITM) and credit union signage at the Brodheadsville ShopRite location.

Report of the President/CEO, cont’d

Members in the “West End” now have the convenience of interacting with a live teller during regular office hours, as well as utilizing a surcharge-free ATM. The credit union introduced a relationship with GreenPath Financial Wellness, a not-for-profit company dedicated to providing financial education and debt-management services to consumers. One of the credit union’s core values is Education, and the educational services offered by GreenPath provide members with a valuable resource to improve their financial well-being. The credit union implemented a debt protection program enabling members to enroll in a product that protects eligible loans from losses due to financial hardships, such as death, disability, and involuntary unemployment. Lastly, the board approved the implementation of the Lendkey lender referral program, which provides an outlet for credit union members to receive low-cost private student loans through a network of credit union lenders. These products and services clearly help to broaden the manner in which NE PA is able to improve the financial lives of its members.

The credit union’s successes in 2019 were the result of the work and dedication of credit union staff members. Each day the credit union team strives to provide to the members they assist a friendly, caring, and efficient level of service. They are to be commended for their efforts. The credit union continues to benefit from the time, talents, and efforts of the members of the credit union’s Board of Directors. They continue to provide the institution with a steady and consistent leadership. The membership is grateful for their dedication.

Yours in credit union service,

Mark T. Filbert, President/CEO

Financial Highlights | 2019

Selected Balance Sheet Data:				
	2016	2017	2018	2019
Total Assets	115,684,986	116,337,049	120,128,401	133,116,102
Total Loans	45,237,009	49,528,946	51,380,501	54,013,947
Total Shares	105,768,790	106,097,418	109,350,219	121,528,035
Loans to Shares Ratio	42.77%	46.68%	46.99%	44.35%
Regular Reserves	1,365,739	1,365,739	1,365,739	1,365,739
Undivided Earnings	8,237,235	8,722,256	9,212,354	10,065,252
Allowance for Loan Losses	405,133	342,783	509,063	617,334

Selected Income Statement Data:				
	2016	2017	2018	2019
Interest on Loans	2,459,750	2,603,104	2,780,910	2,930,136
Income from Investments	561,847	768,151	1,075,782	1,497,936
Fees and Charges	1,028,770	1,225,807	1,360,152	1,386,985
Other Income	614,260	723,619	847,761	831,842
Total Income	4,664,601	5,320,681	6,064,605	6,646,899
Total Expenses	3,854,621	4,330,216	4,942,350	4,943,412
Dividends Paid	412,546	482,958	609,840	848,438
Non-operating Gains (losses)	(16,223)	(22,485)	(22,316)	(2,151)
Net Income	381,212	485,021	490,099	852,898

Supervisory Report | 2019
Paul G. Kayatta, Supervisory Committee Chairperson
(CU Member for 47 years)

We have engaged Davis Accounting and Consulting, LLC to do our auditing business (previously done by Carver Associates). Rhett Davis has reported that our Credit Union is in fine financial condition.

All Audits find that the Credit Union is meeting in compliance with NCUA rules and regulations.

Our Senior Management Team and their personnel continue to work very well with our Board of Directors to achieve these excellent standards.

The health of the Credit Union is stable and sound. We continue to grow while using modern technology and state-of-the art procedures to serve our members.

Our Credit Union has come a long way in 60 years. Happy Birthday!