

REPORT OF OPERATIONS OF THE PRIORITY FIRST FEDERAL CREDIT UNION

Charter Number 19655

STATEMENT OF THE FINANCIAL CONDITION - DECEMBER 31, 2020

ASSETS:	
Loans	\$50,529,462
VISA Loans	\$1,391,121
Real Estate Loans	\$17,581,726
CU Student Choice	\$2,421,580
Total Loans	\$71,923,889
Less Allowance for Loan Losses	-\$506,173
Net Loans	\$71,417,716
Deposit Accounts	\$24,161,987
Held-to-Maturity Investments	\$60,319
Certificates of Deposit	\$3,933,010
Paid in Capital Account	\$323,188
All Other Investments	\$233,662
NCUA Share Insurance Fund	\$901,651
Fixed Assets (Net)	\$1,988,785
Furniture and Equipment Net)	\$165,512
Accrued Interest	\$216,185
Other Assets	\$1,008,527
TOTAL ASSETS	\$104,410,542
LIABILITIES AND EQUITY:	
Accounts Payable	\$301,024
TOTAL LIABILITIES	\$301,024
Shares	\$64,211,687
Share Drafts	\$17,261,957
Share Certificates	\$9,837,076
IRA Share Accounts	\$4,013,883
TOTAL DEPOSITS	\$95,324,603
Regular Reserve	\$708,483
Undivided Earnings	\$6,843,079
Equity Aquired in Merger	\$1,233,353
Other Liabilities	\$0
TOTAL EQUITY	\$8,784,915
TOTAL LIABILITIES AND EQUITY	\$104,410,542

OPERATING INCOME:	
Interest on Loans	\$3,111,339
TOTAL INCOME FROM LOANS	\$3,111,339
Income from Investments	\$137,695
Fees and Charges	\$380,821
Miscellaneous Operating Income	\$464,655
TOTAL OPERATING INCOME	\$4,094,510
OPERATING EXPENSES:	
Compensation	\$2,063,189
Travel & Conference	\$9,458
Office Occupancy Expenses	\$243,336
Office Operations Expenses	\$351,991
Educational & Promotional	\$35,534
Loan Servicing Expense	\$81,312
Professional & Outside Services	\$529,913
Provisions for Loan Loss	\$132,496
Members' Insurance	\$0
Operating Fees	\$25,189
Misc Operating Expense	\$36,772
NCUSIF Insurance Expense	\$0
TOTAL OPERATING EXPENSES	\$3,509,191
NET INCOME BEFORE DIVIDENDS & MISC	
	\$585,320
Dividends	\$323,454
Gain/Loss on Disp. of Assets	\$1
Gain/Loss on Investment	\$0
Gain/Loss on Securities	\$0
Gain from Bargain Purchase	\$0
NCUSIF Stabilization Income	\$0
Other Non-Oper Income/(Expense)	\$39
NET INCOME	\$261,906

STATISTICAL REPORT					
DELINQUENT LOANS:			LOANS MADE:		
	Number	Amount		Number	Amount
Current & Less than 2 months	6,681	\$71,652,847	Loans made year to date	4,032	\$32,598,432
2-6 months	28	\$215,644	Loans made since organization	84,280	\$325,086,637
6-12 months	1	\$8,096	Loans Charged off since organization		\$2,620,916
12 months & over	1	\$47,302	Recoveries on Loans Charged Off		\$408,143
TOTAL DELINQUENT LOANS	30	\$271,042			
TOTAL LOANS	6,711	\$71,923,889	Member & Non-Member Accounts	12,529	
Ratio-Delinquent Loans to Total	0.38%		Number of Potential Members	129,314	

We certify, to the best of our knowledge and belief, this statement and the related statements are true and correct and present fairly the financial position and the results of operation for the periods covered.

Mark Adams, Chairman of the Board • Alan Clouse, CEO/Treasurer

2021 OFFICIALS AND STAFF

Mark Adams Chairman of the Board
 Michael Crytser 1st Vice Chairman
 Robert Presto 2nd Vice Chairman
 Brian Anderson Secretary
 Alan Clouse Treasurer

Danny Reynolds • Kevin Kriner • Tom Miller
 Rodney Patterson • Jill Zimmerman • Jeff Luzier

Alan Clouse **Chief Executive Officer**
 Barbara Cox Vice President of Operations
 Ann Marie DeGennaro-Ray Chief Operating Officer
 Jessica Smith Operations Manager
 Jennifer Radaker Deposit Operations Specialist
 Mark Pisarcik Controller
 Kayla Stockdale Marketing Specialist
 Steve Shaffer Collections Officer
 Misty Connor **DuBois Branch Manager/Member Dev. Specialist**
 Christine Welsh Assistant Branch Manager/Sr. Loan Officer
 Tammy Brundridge Sr. Loan Officer
 Valerie Delp Head Teller/Member Service Representative
 Sue Short Member Service Representative
 Amy Johnson Member Service Representative
 Debra Borden Member Service Representative
 Keaton Maines Member Service Representative
 Ciera Gusky Member Service Representative
 Kassie Uplinger Member Service Representative
 Sherry Snyder **Brockway Branch Manager/Sr. Loan Officer**
 Nicole Palumbo Jr. Loan Officer/Member Service Representative
 Nancy Tyler Member Service Representative
 Darlene Baka Member Service Representative
 Susan Hergenrother Member Service Representative
 Jessica McKinley **Brookville Branch Manager/Sr. Loan Officer**
 Missy Gustafson Jr. Loan Officer/Member Service Representative
 Carol Evans Member Service Representative
 Jenae Dawson Member Service Representative
 Michelle Walls **Punxsutawney Branch Manager/Sr. Loan Officer**
 Abigail Brauer Jr. Loan Officer/Member Service Representative
 Cydney Bezak Member Service Representative
 Joey Bloom **Clearfield Branch Manager/Sr. Loan Officer**
 Madison Lord Jr. Loan Officer/Member Service Representative
 Tammi Francisko Member Service Representative



2021 Virtual Annual Meeting Program

April 21, 2021

BUSINESS MEETING.....6:00 PM

Ascertain that a quorum is present

Minutes of last meeting

Report of the Chairman

Report of the Treasurer

Report of the Loan Officers

Report of the Supervisory Committee

Elections

Scholarship Committee

Old/New Business

Adjournment of Meeting

FIVE \$100 Giveaways!

LOCATIONS

Brockway • 550 Main Street • 814.265.8421

Brookville • 909 RT 28 • 814.849.0127

Clearfield • 214 N 2nd Street • 814.765.6315

DuBois • 364 Midway Drive • 814.371.4817

Punxsutawney • 422 E Mahoning St • 814.618.5441

2020 MINUTES OF THE ANNUAL MEETING

The 50th Annual Meeting of Priority First Federal Credit Union was held August 19, 2020, via conference call, virtually and in-person at the DuBois office. The meeting was originally scheduled for April 25, 2020 at the Bellamauro Hall, however due to the COVID pandemic the meeting was initially delayed and eventually held virtually. President Mark Adams called the meeting to order at 6:00 pm. Secretary, Brian Anderson, reported there were 21 members attending constituting a quorum.

Officials present were: Mark Adams - Chairman, Mike Crytser – 1st Vice Chairman, Robert Presto – 2nd Vice Chairman, Alan Clouse - Treasurer, Brian Anderson – Secretary, Rodney Patterson, Tom Miller, and Danny Reynolds – Director/Supervisory Committee Chairperson.

Chairman Adams started the meeting by asking all in attendance to observe a moment of silence to recognize the passing of Helen Marie Potash in May. Marie was a member since 1969 and was a long-time credit union volunteer as a Supervisory Committee member.

Minutes of the 49th Annual Meeting held on April 27, 2019, were approved as presented in the program. Motion to approve the minutes was made by Tom Miller and seconded by Danny Reynolds. Motion carried.

The Report of the Chairman was received as presented in the program. Motion to approve the Report of the Chairman was made by Rodney Patterson and seconded by Mike Crytser. **The Treasurer's Report** was received as presented in the program. Motion to approve the Treasurer's report was made by Brian Anderson and seconded by Kevin Kriner. **The Loan Officer Report** was received as presented in the program. Motion to approve the Loan Officer's report was made by Jill Zimmerman and seconded by Richard Galluzzi. **The Supervisory Committee Report** was received as presented in the program. Motion to approve the Supervisory Committee report was made by Rodney Patterson and seconded by Mike Crytser.

Old Business: None. **New Business:** Notified the membership that Executive VP Valerie Barraclough retired effective 7/31/2020 after 31 years of service.

Nominating Committee Chairman Jeff Luzier presented to the membership the slate of nominees for Board of Directors, who consisted of Tom Miller, Danny Reynolds and Jill Zimmerman for 3 year terms. Nominations for elections are completed by petition and applications were due back to the credit union by March 13, 2020. However, no additional nominations were received and the slate of nominees presented by the Nominating Committee are considered elected.

Scholarship Committee Chairman Mike Crytser presented to the membership the winners of the credit union's 2020 Education Scholarships: Emma Cooper, Jillian-Bruni-Crytser, Sydney Kaschalk Madison Johnson, Morgan Johnson, Ian Meterko, Shaughnessea Richardson, Gabrielle Sabatose, Carley Semancik and Jesse Thompson.

As part of the credit union's 50th Anniversary, the credit union celebrated by completing 50 Act of Kindness. For the 50th act, Marketing Specialist Kayla Stockdale recognized the first 50 members that remained members throughout the credit union's first 50 years. The member's names were read aloud from a plaque that will be mounted at the Brockway office. The plaque signifies the credit union's appreciation for the loyalty and support these members gave the credit union throughout the years.

Motion to adjourn was made by Danny Reynolds and seconded by Rodney Patterson at 6:15 pm.

Mark Adams, Chairman ▪ Brian Anderson, Secretary

REPORT OF THE CHAIRMAN

On behalf of our Board of Directors and employees, we thank you for providing us the opportunity to serve your financial needs. 2020 was another great year for Priority First FCU, despite the global pandemic we all faced. We put the health of our members and employees first by closing our lobbies throughout the year to help stop the spread of COVID-19. Our employees worked hard to deliver the best possible service under the circumstances we were in. Even though we faced countless obstacles, many significant changes were implemented to improve our product and service offerings. We launched a new website with online member applications, upgraded our coin machine and continued to certify our employees as financial counselors.

As in the past, Priority First FCU continues to provide online banking, mobile banking, mobile deposit, e-statements, bill pay services and text banking with no monthly fee or per transaction charges.

Your credit union continues to be strong, financially. Our net worth of 8.24% is rated as well capitalized by our regulator the National Credit Union Administration. Priority First FCU derives the majority of its income from loan interest received. Unlike other financial institutions, we strive to keep our fee income at a minimum. Priority First FCU's fee income is among the lowest in the area in comparison to other local credit unions and banks. Total loans decreased to 75.45% of our shares, due to strong share growth of 23% during 2020. I encourage all of our members to check out our great low loan rates when looking for a vehicle, home equity loan, personal loan, EZ line of credit, student loan or VISA credit card, before going to another financial institution.

Looking forward to 2021, we plan to make significant improvements to our debit and credit card programs. Although this will require switching vendors and reissuing new cards, our members will benefit from the enhancements and added security. Some improvements include, a new branded card design with name and card number printed on the back for added protection, online credit card account access, contactless payment and use of digital wallets.

My sincere thanks to the Board, past Board Members, Committee Members and office staff for their belief and dedication to the credit union and the credit union movement. To all of our members, your support of our financial cooperative truly allows us to make a real difference in the lives of those we serve.

Mark Adams, Chairman of the Board

TREASURER'S REPORT

Priority First Federal Credit Union ended the 2020 year with assets of \$104,401,072.68. Assets increased from the prior year in the amount of \$15,225,355.91. Members decreased from 12,537 to 12,529 a net loss of 8 members. Approximately 75.45% of our shares are loaned out to members.

Looking at the Profit and Loss statement for the year, 85.70% of gross income was used for operating expenses. Dividends paid to the membership on Share (savings), Christmas and Vacation Accounts and Term Share Certificates amounted to \$323,453.70. Fee income only accounted for 9.30% of gross income. Net worth to total assets ratio is considered well-capitalized at 8.24%. Net income after operating expenses was \$261,906.41.

Loans charged-off affect the entire membership in our ability to continue to pay higher (share) savings rates and offer lower loan rates. Loans written off since we organized in 1969 total \$2,620,915.54 out of \$327,375,892.63 loans granted. In the past year, net charge-offs were \$4,981.34. These loans were in default and were written off by the credit union. Overall, our ratio of losses to loans granted has been outstanding and certainly reflects on our membership as a whole and the outstanding underwriting of our dedicated Loan Officers.

In conclusion, I would like to thank the members for their continued support in the credit union, as well as the Board of Directors who volunteer their time to make decisions with the best interest of the membership and the credit union's financial condition in mind. The Board of Directors strives to offer products and services with no or minimal cost to you the members. Thank you also to the employees for their outstanding member service and dedication to the credit union. Last, but not least without you, our members, we would not be able to prosper and grow.

Alan Clouse, CEO/Treasurer

LOAN OFFICER REPORT

The Loan Officers are responsible for objectively evaluating the financial needs of our members, while at the same time protecting the interest of the depositors/shareholders by making safe and sound lending decisions. During the year 2020, Priority First FCU members received 4,032 loans totaling \$32,598,431.93.

The credit union has an array of loan products. As in prior years our Home Equity, 5-5-5 and Christmas loan specials are very popular with our members. Check out our Facebook page and watch for emails about upcoming loan products. The Loan Officers wish to express their sincere appreciation for the cooperation extended to them by the membership.

Respectfully Submitted,

Ann Marie DeGennaro-Ray * Joey Bloom

Tammy Brundridge * Misty Connor * Missy Gustafson

Jessica McKinley * Madison Lord * Jennifer Radaker

Jessica Smith * Sherry Snyder * Michelle Walls

Christine Welsh

SUPERVISORY COMMITTEE REPORT

The Supervisory Committee is appointed by the Board of Directors as required by Federal Law. It is the responsibility of this committee to oversee the operation of the credit union through regular auditing of the accounting records, analysis of its financial reports and audits of all files verifying compliance in all areas of NCUA and Federal Reserve Bank regulations.

NCUA conducted a risk-focused examination on the credit union's financial statements as of June 20, 2020. S.R. Snodgrass, P.C. performed the annual audit of our credit union records effective March 31, 2020. Both audits reported satisfactory performance. S.R. Snodgrass, P.C. also conducted the member account verification effective March 31, 2020.

Throughout the year, the Supervisory Committee conducted surprise cash counts of the teller drawers, vault and ATM cash and found all cash accounts to be in balance. The Committee also reviewed new loans files, corporate credit card statements, bank reconciliements, dormant accounts, file maintenance reports and sent out closed account verifications monthly. The results of these audits confirmed our officials and staffs strict adherence to generally accepted financial practices. It is the opinion of the Supervisory Committee that the credit union is being operated in a sound, conservative and proper manner.

Respectfully Submitted,

Danny Reynolds, Chairman * Valerie Barraclough

James Crawford * Terry Crawford * Joseph Michalski

Barbara Presto * John F. Raybuck