

## MEETING AGENDA

March 13, 2014

1. Call to Order
  - A. Determine a Quorum
  - B. Reading of Minutes
2. Reports
  - A. Board Chair
  - B. Supervisory Committee
  - C. Treasurer
  - D. CEO
3. Election
4. Question & Answer Period
5. Prize Drawings
6. Call for Adjournment

*Immediately following the conclusion of the meeting, we invite you to stay seated to enjoy a showing of the feature film "The Lego Movie."*

## VOLUNTEERS

### Board of Directors

Joyce Rebman, Chair  
Robert Steinruck, Vice Chair  
Denise Williams, Treasurer  
Lois Greenawalt, Secretary  
Dr. Freeman Chakara, Director  
H. Scott Gillespie, Director  
Phyllis Peters, Director  
Donald Raymond, Director  
Dr. Lloyd Ruoss, Director  
David Nace, Associate Director  
Philip Harnish, Associate Director

### Supervisory Committee

Phyllis Peters, Chair  
Dr. John Smith, Secretary  
Eric Christiansen, Volunteer  
James Risser, Volunteer

*Interested in serving on the Board of Directors or the Supervisory Committee? Contact the credit union to learn about these voluntary positions.*

## LANCO FEDERAL CREDIT UNION

LANCO Federal Credit Union began in February 1965 when a group of teachers chartered the LANCO School Employees Federal Credit Union to serve the employees of school districts throughout Lancaster County, Pennsylvania.

For many years, the credit union operated from the back of the classroom of Gerald Fortney, LANCO's founding CEO. As other Lancaster County businesses began to offer LANCO membership to their employees, the credit union's name was amended to LANCO Federal Credit Union in December 1977.

Since 2001, LANCO has operated under a community charter, which extends membership eligibility to include any person who lives, works, worships, or attends school in Lancaster County, PA.

From LANCO's beginnings in 1965, the credit union has grown to now serve over 10,000 members with four branches throughout Lancaster County. Though much has changed over the past 49 years, our core values remain the same. In all that we do, we seek to apply the credit union philosophy of "People Helping People".



LANCASTER  
349 West Roseville Road  
Lancaster, PA 17601

MOUNT JOY  
2024 West Main Street  
Mount Joy, PA 17552

BROWNSTOWN  
4213 Oregon Pike  
Ephrata, PA 17522

WILLOW STREET  
2516 Willow Street Pike  
Willow Street, PA 17584

### THE MISSION OF LANCO FEDERAL CREDIT UNION

*is to help members achieve  
their life's goals by promoting  
financial health and providing  
affordable access to credit.*

[www.lancofcu.com](http://www.lancofcu.com)  
(717) 569-7180

# 2013 ANNUAL REPORT

This credit union is federally insured by the National Credit Union Administration.

## TO OUR SHAREHOLDERS

2013 was my first full year as President/CEO of LANCO Federal Credit Union, and I am proud of all that our staff and volunteers were able to accomplish over the course of the year.

One major achievement was a change in the loan analysis process. Our loan department brought the process back to “The Five C’s of Credit”: Character, Capacity, Capital, Collateral, and Conditions. This change in mindset has allowed LANCO to grant more loans to our members, without experiencing increased delinquency, and resulted in a net increase of \$6 million in loan balances.

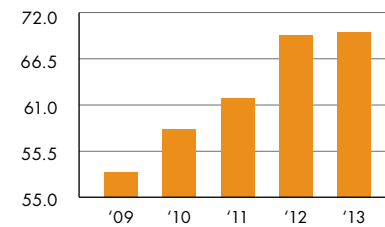
In 2013, LANCO also introduced a new ‘Rate Match’ program for loans and added several enhancements to our bill payer service.

We are anticipating many great things at the credit union for 2014, including a new website, the ability to deposit checks directly from your mobile device, and the re-location of our Mount Joy branch. The new branch, which will feature a drive-up ATM, will be located at the intersection of Colebrook Road and Route 230. We estimate that the new branch will open for business in late 2014.

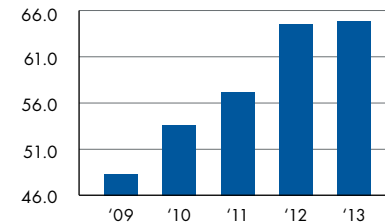
Thank you for your support of your credit union. It is my honor to serve you, and I look forward to the continued success of LANCO through the years to come.

Stacey M. Remick,  
President/Chief Executive Officer

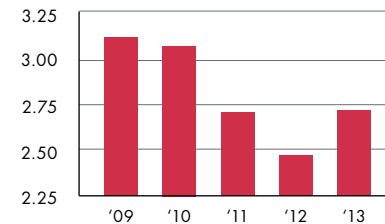
## ASSETS (Millions \$)



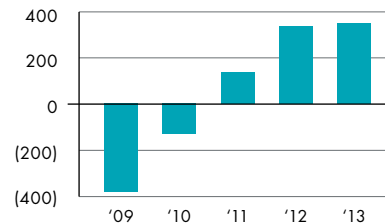
## TOTAL DEPOSITS (Millions \$)



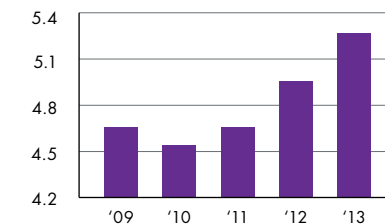
## OPERATING EXPENSES (Millions \$)



## NET INCOME (Thousands \$)



## CAPITAL (Millions \$)



## CONSOLIDATED BALANCE SHEET

ASSETS	2012	2013
<b>TOTAL LOANS</b>	<b>30,963,253</b>	<b>36,959,478</b>
Allowance for Loan Loss	(184,218)	(228,503)
Collateral in Process of Liquidation	0	11,000
<b>NET LOANS</b>	<b>30,779,035</b>	<b>36,741,975</b>
Cash and Receivables	530,665	578,415
Investments	35,537,298	29,920,718
Prepays	189,938	216,315
Fixed Assets	1,977,258	1,908,419
Accrued Income	114,733	130,175
NCUSIF	635,452	677,361
<b>TOTAL ASSETS</b>	<b>69,764,379</b>	<b>70,173,378</b>

## LIABILITIES

<b>TOTAL LIABILITIES</b>	<b>126,601</b>	<b>147,648</b>
--------------------------	----------------	----------------

## EQUITY

Shares	25,475,996	27,827,306
Money Market	18,183,179	16,052,129
Share Certificates	5,899,314	5,353,556
Share Drafts	10,344,123	11,191,302
IRA Shares	2,746,235	2,726,671
IRA Certificates	1,888,141	1,785,971
<b>TOTAL DEPOSITS</b>	<b>64,536,988</b>	<b>64,936,935</b>
Regular Reserves	933,117	933,117
Undivided Earnings	3,756,265	4,082,082
Unrealized Gain (Loss) on Securities	85,590	(262,640)
Transfer Account	0	0
Net Income (Loss)	325,818	336,235
<b>TOTAL EQUITY</b>	<b>69,637,778</b>	<b>70,025,729</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>69,764,379</b>	<b>70,173,377</b>

## CONSOLIDATED STATEMENT OF INCOME

OPERATING INCOME	2012	2013
Income from Loans	1,954,962	1,981,156
Income from Investments	248,670	270,758
Other Income	788,414	917,934
<b>TOTAL OPERATING INCOME</b>	<b>2,992,046</b>	<b>3,169,848</b>

## OPERATING EXPENSES

Compensation and Benefits	1,141,282	1,195,785
Office Maintenance	189,313	204,754
Office Operating	318,050	308,967
Marketing	65,712	58,908
Loan Servicing	231,182	274,640
Professional/Outside Services	235,994	285,823
Provision for Loan Loss	54,800	115,690
Provision for Overdraft Protection Loss	(635)	10,575
NCUA Stabilization	60,368	67,089
Other	175,372	192,032
<b>TOTAL OPERATING EXPENSES</b>	<b>2,471,438</b>	<b>2,714,263</b>

<b>NET OPERATING INCOME</b>	<b>520,608</b>	<b>455,585</b>
-----------------------------	----------------	----------------

## NON-OPERATING INCOME (EXPENSE)

Non-Operating Income	0	0
Gain (Loss) on Investments	0	1,245
Corporate Write Down	0	0
Gain on Asset Disposition	0	0
<b>TOTAL NON-OPERATING INCOME (EXPENSE)</b>	<b>0</b>	<b>1,245</b>

<b>DIVIDENDS PAID</b>	<b>194,791</b>	<b>120,595</b>
-----------------------	----------------	----------------

<b>NET INCOME (LOSS)</b>	<b>325,817</b>	<b>336,235</b>
--------------------------	----------------	----------------

## CHAIR'S REPORT

2013 was a successful year for LANCO Federal Credit Union, with our financial performance continuing to improve. Assets remained steady and loan balances increased by over 19%. Total operating earnings increased by nearly 6%, largely due to increased loan demand. Costs associated with increased loan volume, paired with other rising costs, resulted in a 9.8% increase in total operating expenses.

LANCO's 2013 Net Income increased by 3%, with over \$336,000 being added to LANCO's capital. This further improves the level of safety and soundness provided to our membership.

## SUPERVISORY COMMITTEE REPORT

The Supervisory Committee is responsible for ensuring that the Board of Directors and management of LANCO Federal Credit Union meet required financial reporting objectives and establish practices and procedures sufficient to safeguard members' assets.

At the annual reorganizational meeting of March 20, 2013, I was appointed to a fifth term as Chair of the Supervisory Committee. In 2013, the Supervisory Committee expanded to five members, with John Smith, Dan Jones, Eric Christiansen, and Jim Risser also serving as volunteers.

## TREASURER'S REPORT

LANCO had another successful year, ending 2013 with a net income of \$336,235 which resulted in a net worth ratio of 7.63%. NCUA, LANCO's regulator, considers seven percent or above to be well-capitalized.

The growth and success that LANCO enjoys is the product of talented staff and dedicated volunteers. Our goal is to provide the best products and services to meet our members' needs. With this goal in mind, the Brownstown branch was re-located in March of 2013, and a contract has been signed for the re-location of the Mount Joy branch in late 2014. As LANCO approaches its 50th anniversary, we are excited to be growing and changing along with the needs of our members.

Joyce Rebman,  
Board Chair

In 2013, the committee met 12 times and performed 26 audits. The CPA firm of Reinsel Kuntz Leshner was retained to perform the Supervisory Committee financial audit, and the committee is pleased to report that the National Credit Union Administration's (NCUA) most recent examination, as of December 31, 2012, has found your credit union to be in good financial standing.

Phyllis Peters,  
Supervisory Committee Chair

Investments decreased by 16% to \$29,920,718, while loan balances increased by 19% to \$36,970,478. Assets grew 1% to \$70,173,378 and shares increased by 1% to \$64,936,936.

Denise L. Williams,  
Treasurer/Chief Financial Officer