



SEASONS OF CHANGE



2017 ANNUAL REPORT

68th Membership Meeting

Bloomington Fire Hall

Friday, March 2, 2018

6:00 PM

301-359-3081

Toll-Free 800-292-8139

www.wepcofcu.com

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IN MEMORIAM

The Board of Directors and Staff of WEPCO Federal Credit Union would like to dedicate the 68th Annual Report to John Pattison, T. Edward Smith and Debi Langan:

John Pattison, Charter Member 1925-2017

John was the last of the seven original members of WEPCO, back then called Local 676 Federal Credit Union. In 2008, we asked John about how they began our credit union. He said, "I don't know how long before it really took off, but take off it did, and all of us charter members were proud of our little part. It started with only one 'unpaid worker,' Hazel Haywood. Thanks Hazel. And just look at us now! I'm glad I was one of those first seven."

John was lively and spirited, and if not for him and the other six, WEPCO would not be here today!

T. Edward Smith, former Supervisory Committee Member 1936-2017

T. Edward served as a Supervisory Committee member for 36 years, stepping down from his seat in 2012. He was a key figure in the compliance and monitoring of WEPCO's operations. As a volunteer, T. Edward dedicated himself to important, assigned tasks and was very reliable and dependable during his many years of service.

Debi Langan, Director 1965-2017

Debi served as a Board Director as well as a Supervisory Committee member for six years. She was a smart, enthusiastic member of our Board. Her active community service and business insight added wealth and value to our Board and shaped the direction of our credit union.

Their smiling faces and vibrant lives will not only be missed by us at the credit union but by all the lives that were blessed to have known them.

AT A GLANCE

2017 Highlights

Convenience on the go makes all the difference to our members. Thus, we upgraded our mobile app with a modern look and more features like Bill Payer and Check Deposit!

WEPCO continued its community outreach by donating nearly \$16,070 to various local programs, including:

- \$2,000 for Relay for Life
- \$2,200 to our local VA Clinic in Cumberland
- \$1,120 to the Holding Hands for Haley Foundation and the fight against childhood cancer

We thank you all for your donations and helping to make our community a better place!

Our 27th Annual Scholarship winner was Jenna Ruggiero, daughter of Reuben and Brenda Ruggiero from Accident, MD.

Other events that took place in 2017:

- 67th Annual Meeting on March 4 at the Midland Fire Hall
- 8th Annual Member Appreciation Day on April 24
- 8th Annual Kids Day on July 18

Everything We Do, We Do For You!

2018 Upcoming

We are adding more to our mobile app! You will be able to apply for loans or accounts through your phone. We are also making several of our current services mobile: check images, eStatements, account alerts, and Skip-a-Pay.

This year, all tax forms will now be available on our *eStatements* website, making it very convenient for you to access and print them.

Other changes planned for 2018 include:

- EMV chips for our debit cards, further protecting your information
- Expansion of our Field of Membership
- 30-year mortgages and other loans

We will be holding our 28th Annual Scholarship Contest, our Member Appreciation Day on Tuesday, April 24th, and our Kids Day on Tuesday, July 17th. Make sure to mark the dates and celebrate with us!

We always strive to provide you the exemplary service necessary to be your financial institution of choice. That is why WEPCO humbly thanks you all for your continued support, and as we head towards the bright future, help us celebrate the year before us!



TREASURER'S REPORT

STATEMENTS OF FINANCIAL CONDITION

	Dec. 31, 2017	Dec. 31, 2016
ASSETS		
Net Loans Outstanding	\$ 166,636,918	\$ 148,289,193
Cash on Hand	\$ 6,148,509	\$ 5,468,784
Federal Agency Securities	\$ 11,608,198	\$ 16,931,624
Fed Discount Window Investment	\$ 1,000,000	\$ 2,000,000
Mid-Atlantic Corporate FCU	\$ 5,253,669	\$ 3,999,861
Alloya Corporate FCU	\$ 4,158,283	\$ 4,131,788
Mid-Atlantic Corporate FCU Capital Shares/CD	\$ 250,000	\$ 250,000
Corporate One FCU	\$ 5,294,146	\$ 8,736,396
Dain Rauscher Certificate of Deposit	\$ 746,000	\$ 1,492,000
FTN Certificate of Deposit	\$ 1,489,083	\$ 3,477,626
M & T Money Market	\$ 3,029,285	\$ 3,026,257
Land & Building (Net)	\$ 4,892,555	\$ 5,034,823
Other Fixed Assets (Net)	\$ 390,311	\$ 509,376
Accrued Loan Interest	\$ 401,874	\$ 342,837
Accrued Investment Income	\$ 32,957	\$ 54,301
Accounts Receivable	\$ 31,684	\$ 14,023
Prepaid & Deferred Expenses	\$ 368,578	\$ 406,101
Assets Acquired in Liquidation of Loans	\$ 372,495	\$ -
NCUSIF Deposit	\$ 1,925,102	\$ 1,812,808
TOTAL ASSETS	<u>\$ 214,029,645</u>	<u>\$ 205,977,799</u>
LIABILITIES		
Accounts Payable	\$ 530,634	\$ 274,956
Clearing Accounts	\$ (3,978)	\$ (557)
Dividends Payable	\$ 172,191	\$ 154,298
Other Liabilities	\$ 1,256,641	\$ 1,952,180
EQUITY		
Member's Accounts	\$ 191,098,092	\$ 184,178,192
Regular Reserves	\$ 3,545,824	\$ 3,545,824
Undivided Earnings	\$ 18,734,091	\$ 17,699,930
Unrealized Gain/Loss	\$ (177,083)	\$ (154,541)
Unfunded Managers Pension	\$ (1,153,171)	\$ (1,760,473)
Net Income	\$ 26,324	\$ 87,991
TOTAL LIABILITIES & EQUITY	<u>\$ 214,029,645</u>	<u>\$ 205,977,799</u>

TREASURER'S REPORT (CONTINUED)

STATEMENT OF INCOME

	Dec. 31, 2017	Dec. 31, 2016
INCOME		
Loan Interest Income	\$ 7,587,446	\$ 6,900,479
Investment Income	\$ 417,921	\$ 394,352
Non-Operating Gain/Loss	\$ (25,905)	\$ (17,127)
Other Income	\$ 2,331,105	\$ 2,191,784
TOTAL INCOME	<u>\$ 10,310,567</u>	<u>\$ 9,469,488</u>
EXPENSES		
Operating Expenses	\$ 8,207,210	\$ 7,833,388
Executive Compensation	\$ 286,044	\$ 281,463
Dividend Expense	\$ 844,817	\$ 761,678
TOTAL EXPENSES	<u>\$ 9,338,071</u>	<u>\$ 8,876,529</u>
NET INCOME	<u>\$ 972,496</u>	<u>\$ 592,959</u>

PAST 10 YEARS GROWTH

	ASSETS	MEMBERS	SHARES	LOANS
2007	\$ 117,704,600	20,536	\$ 101,501,589	\$ 75,587,828
2008	\$ 125,094,918	21,202	\$ 108,108,485	\$ 79,152,624
2009	\$ 154,920,564	23,076	\$ 137,531,866	\$ 101,335,598
2010	\$ 178,819,361	24,187	\$ 161,923,164	\$ 117,077,385
2011	\$ 193,628,431	24,778	\$ 175,852,779	\$ 112,507,888
2012	\$ 201,360,187	25,166	\$ 182,616,313	\$ 105,248,922
2013	\$ 197,623,158	25,538	\$ 178,685,053	\$ 109,066,283
2014	\$ 196,843,813	28,182	\$ 176,362,007	\$ 121,938,973
2015	\$ 202,421,390	28,134	\$ 181,448,892	\$ 136,854,297
2016	\$ 205,977,799	29,418	\$ 184,178,192	\$ 149,380,912
2017	\$ 214,029,645	30,822	\$ 191,098,092	\$ 168,199,221

PRESIDENT'S REPORT

I am pleased to report that your credit union continued growing in 2017. The management team worked throughout the year to provide you new products that are safe, convenient, and cost-effective, while seizing opportunities to grow your credit union in a safe and prudent manner. The major accomplishment of 2017 was our new mobile app. We understand that our members have busy schedules, and convenient access to their deposits and loans on their phones was the top priority. The new app is designed to do mobile bill payments and check deposits, so members can pay bills on the go and deposit a check at any time, day or night.

We had a lot of discussions about whether or not the Federal Reserve would move rates in 2017. Instead of waiting, we gave our members an alternative for their deposits: a limited time 30-month share certificate at a special higher rate. Members took advantage of this special offer, depositing more than \$2 million, of which more than \$500,000 were new funds.

2017 was also a very strong year for loans as our portfolio grew by more than \$15 million. Our indirect loans alone grew more than 30% as more and more members opted for the convenience of financing their vehicle right at the dealership. Another triumph for WEPCO was our Kingwood lending office: not only did it celebrate its third year in April, but it ended the year with an outstanding loan balance of more than \$14 million.

I want to thank you all for your continued support to WEPCO's success. As we look forward to 2018, WEPCO management will continue to grow your credit union in a profitable manner that best meets your needs and provides you with the best member service you have come to expect. "Everything we do, we do for you!"

Becky McKenzie

President

CHAIRMAN'S REPORT

2017 was another great year for us: thanks to the higher than expected volume in new loans, our management team expanded our services and product offerings to you, our members! Last year, we introduced an upgraded mobile app that offers you more services at your convenience. We also recognized your concerns about cybersecurity and the growing threat of data breaches, but we have invested in the products and personnel to keep your information safe. In closing, I am proud of all our hardworking employees and the exemplary service they provide to you, and I am excited about what they will be doing in 2018. Thank you for your loyalty and support, and may God bless you all!

Mark Alexander

Chairman of the Board