



Hershey
FEDERAL CREDIT UNION

2022 ANNUAL MEETING

We are happy to announce the launch of our new Hershey FCU logo as part of the ongoing evolution of our credit union. It was our motivation to create a logo that expresses our values focusing on community and caring. We strive to maintain our mission and focus while simultaneously moving the credit union forward. As members together, we live our mission and our new logo symbolizes our identity.



We hold onto our credit union history as we move toward the future. We are proud of our growth these past few years and the support shown by our membership. We ARE prepared for the future, and all it holds.

Member Focused. Members Together.

Our members are the reason for our existence. We will always endeavor to exceed their expectations and maintain a high level of security with respect to their confidential information.

Care and Respect for Others

We have a mission to serve our members and take an active role in our communities. We recognize that members come to HFCU from diverse backgrounds and varied experiences. All members are to be treated with equal respect and care at all times.

Integrity

We adhere to the highest standards of conduct and moral behavior while maintaining the highest level of ethics in all of our actions.

Authenticity

At Hershey FCU, we believe authentic service from people who care is the means for excellent service. Our goal is to have every member know the service they received at Hershey FCU was given with genuine effort and in the member's best interest.

Leadership Report

In 2021, Hershey Federal Credit Union continued to manage the financial impacts of the pandemic while demonstrating growth in multiple areas including loans, shares, and membership. Our mission is one of service to our members and the communities in which they reside. Hershey FCU continued to forge ahead with initiatives designed to grow the credit union and improve our service to members. Driven by our desire to provide our membership with the best products and services, we made great strides in 2021, and we are now looking ahead to new opportunities in lending and technology that will help shape the future of the credit union.

Among the most important values of Hershey FCU are serving the membership with excellence, integrity, and engaging in the community we serve as a primary focus. We want members to feel like being a part of Hershey Federal Credit Union and utilizing our services is a benefit to the community in which they live and work. That their investment in Hershey FCU is an investment in their community. Your credit union got to work in your community through volunteer and donation efforts to local organizations such as the Caring Cupboard, the Hershey Food Bank, the Giving Tree of Hummelstown and Hershey, the Lebanon VA Hospital, and various other initiatives throughout the year. We continue to promote financial literacy through youth education programs and our easy-to-use Banzai financial education resources portal. Through Banzai, members can learn about buying or refinancing a home, consolidating debt in the best and most affordable manner, as well as programs designed around budgeting for youth and adults. We hope to bring these programs to local school districts and libraries in our area in the near future.

One of our main points of focus at Hershey FCU is making the member's financial experience match the members needs. This means developing products and services that are both convenient and flexible for membership, while offering service solutions that are tailored to your lifestyle. In May of 2021, we took a big step in this direction with the launch of our new EquiLOC Home Equity Line of Credit product. EquiLOC gives members the ability to choose the payment method that fits their situation, giving them the option to lock in a fixed rate with a fixed term or let the balance float at a variable rate for a low interest only payment.

Leadership Report *Continued*

Moving throughout 2022 and into 2023, the Hershey FCU team will be hard at work making updates to the technology of the credit union that will eventually feature a new online banking platform, online account and loan application process, mobile banking application, payment solutions, and more. We want our members who prefer to use the digital service options at Hershey FCU to have a first-rate experience, while you can rest assured knowing that our caring and personalized service is available for all members. Our front-line team members take pride in the values of the credit union including authentic, caring service for our members. We are here to help you navigate today's complex financial world.

Our new logo embodies these values and our community commitment. Hershey FCU has seen membership increase 13.9% in the past 5 years. Over that same 5-year period, loans have grown 71% while shares grew 46%, some of which were brought on by economic stimulus funds. Today, your credit union has assets exceeding \$92 million. We have put these resources to work and will continue to do so for our membership by improving operations, technology, and developing new products and services to enrich our members financial lives. Hershey Federal Credit Union exists to serve our membership and our community. We are thankful to have a growing loyal and diverse membership. We are proud of our history, and we are excited for the future ahead. We are committed to delivering an outstanding member experience, delivering products and services that benefit our membership, and engaging in volunteer activities that benefit the communities we serve.

Richard E Miller, Chairman

Joseph E Marchese, Chief Executive Officer

Treasurer's Report

During 2021, Hershey FCU demonstrated a strong financial position, which continued a trend of growth over the last few years, despite lasting economic impacts of the pandemic. Assets increased by \$10,268,118 or about 12.44%. This asset growth was the result of a combination of share growth early in the year combined with continued loan growth throughout the year. Member shares grew 12.46%, fueled by the economic stimulus deposits to members in March. Offsetting the large share growth, Hershey FCU had a very strong year of loan growth as loans grew by 21.21%. This rapid balance sheet growth impacted the net worth ratio of the credit union in 2021, but a net worth restoration strategy was put into effect and the credit union was able to boost net worth to 7.27% by years end. It is expected this will increase in 2022 as Hershey FCU take a controlled approach on future growth, while receiving a tax credit to miscellaneous income.

The credit unions interest income increased by 12.99% in 2021. While investment rates remained low, this improvement can be directly attributed to loan growth as interest income on loans rose 18.43%. Overall net income for the year was \$426,908.

The condensed financial statement is included in the Annual Report. Please review it for more information. The financial analysis shows that Hershey FCU continues to be secure and well-positioned for sustainable growth, managing the challenges brought on by the current economy.

I thank the Board of Directors, Committees, Management and Staff for their continued dedication and assistance during the year to make Hershey FCU a strong financial partner for our members and for our community.

Amy Hahn, Treasurer

ALCO Committee Report

The Asset/Liability Committee (ALCO) is made of Hershey FCU Board members and members of the HFCU Senior Management Team. The committee meets to review loan and share rates, liquidity, investments and other financial and operational issues. The committee also discusses and reviews all the financial issues and has the authority to change rates, as needed, and act on other decisions. Asset and liability management is an important part of the credit union financial management. The Hershey FCU Board of Directors relies on the committee to act on their behalf and to be responsive to the needs of the credit union and its members. In 2022, Hershey FCU is positioned with adequate liquidity, a conservative investment approach, and low interest rate risk. HFCU remains consistent in it's Asset and Liability Management approach to meet the needs of members, adapting to changing environments, and working to preserve the safety and soundness of the credit union.

I wish to thank the ALCO committee members: Paul Wagner, Jill Sottile, Jeremy Kline, Michael Stern and Joseph Marchese for their assistance in 2021.

Amy Hahn, Treasurer

Statement of Financial Condition

Assets & Liabilities

As of December 31, 2021 (Condensed)

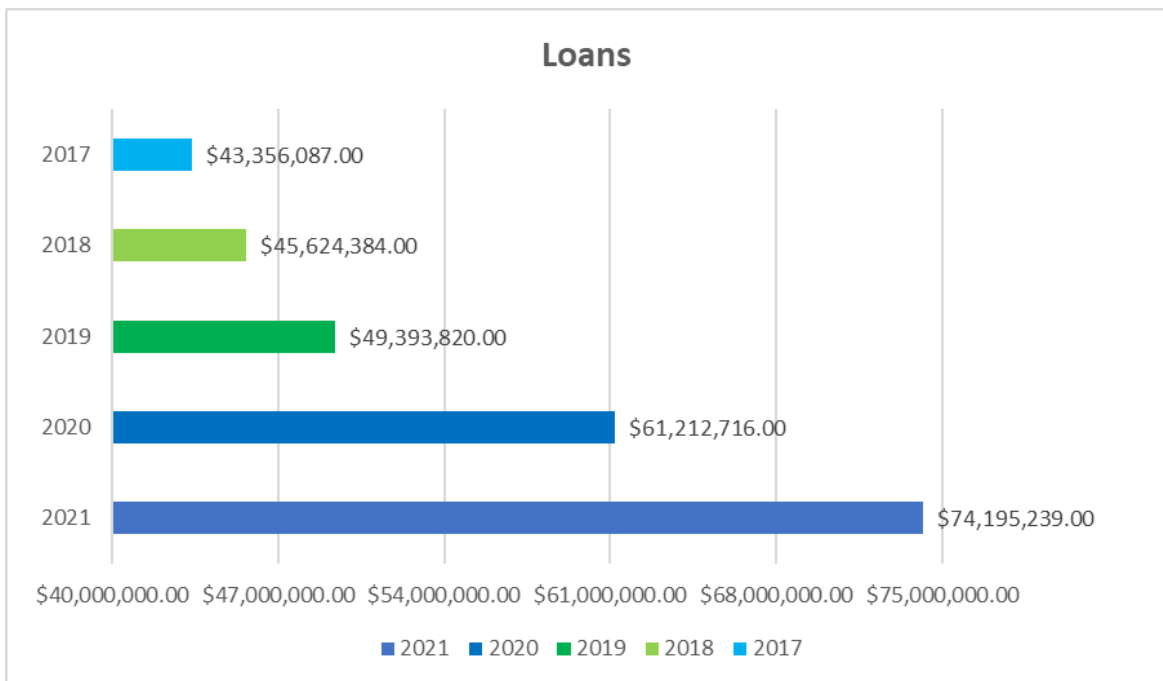
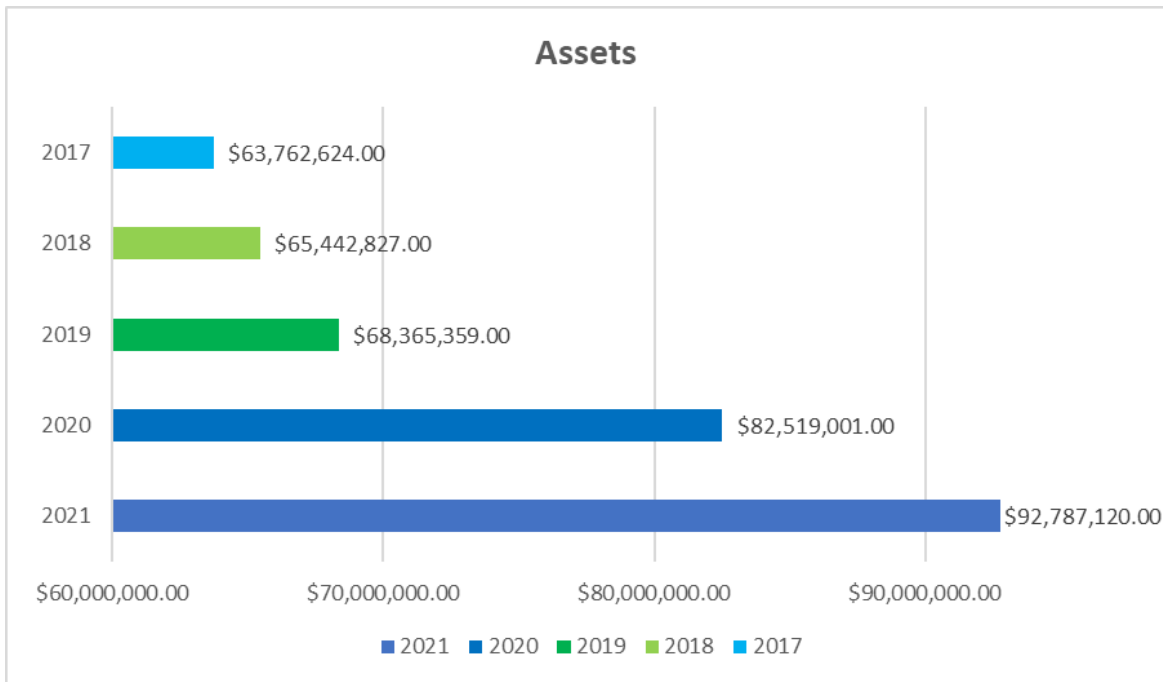
Assets	2020	2021
Loans (Net)	\$61,212,716	\$74,195,239
Cash & Investments	\$15,629,474	\$12,836,611
Other Assets	\$5,676,811	\$5,755,270
Total Assets	\$82,519,001	\$92,787,120
Liabilities	2020	2021
Deposits	\$76,203,481	\$85,701,505
Other Liabilities	\$84,340	\$427,526
Total Liabilities	\$76,287,821	\$86,129,031
Reserves	\$6,231,180	\$6,658,089
Total Liabilities/Reserves	\$82,519,001	\$92,787,120

Income & Expenses

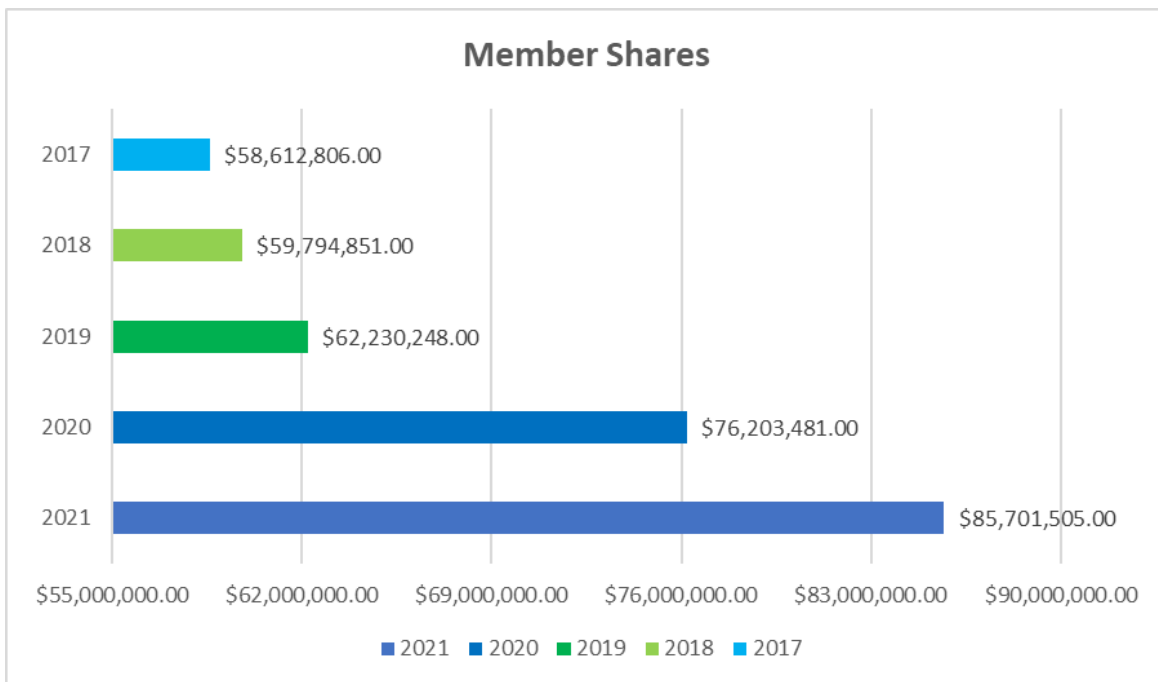
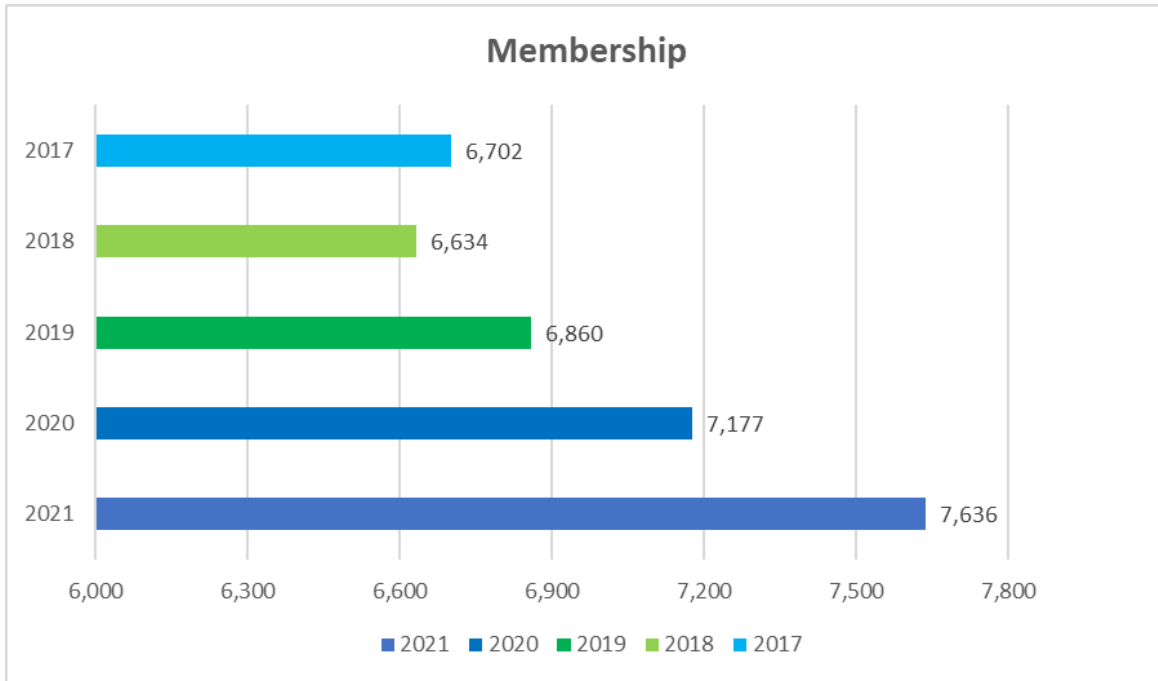
As of December 31, 2021 (Condensed)

Income	2020	2021
Interest on Loans	\$2,255,036	\$2,670,659
Interest on Investments	\$184,081	\$85,444
Other Income	\$717,727	\$862,547
Total Income	\$3,156,844	\$3,618,650
Expenses	2020	2021
Operating Expenses	\$2,815,445	\$3,084,101
Non-Operating Expenses	\$0	\$0
Net Income Before Dividends	\$341,399	\$534,549
Dividends	\$110,394	\$107,641
Total Income	\$231,005	\$426,908

Financial Charts



Financial Charts *Continued*



Supervisory Committee Report

The Supervisory Committee of Hershey Federal Credit Union complies with the guidelines set forth by the National Credit Union Administration and the bylaws of Hershey Federal Credit Union.

Commitment to safety and soundness is our foremost concern. In 2021, the committee engaged Feather CU Services, LLC to conduct the Supervisory Committee Annual Review of the financial statements. The review included tests of accounting records and auditing procedures. No material weaknesses were identified as a result of the review.

To conform with HFCU's commitment to the highest levels of safety and soundness, throughout 2021, the committee expanded the engagement with Chris Feather, CU Services, LLC to perform quarterly audits across various areas of the credit union to assess the adequacy of, and effectiveness of the internal controls.

The committee would like to thank the Board of Directors, Chief Executive Officer Joe Marchese, and the dedicated staff for their continued support and commitment to the safety and soundness of Hershey Federal Credit Union.

Lori A. Gall, Chairperson

Board of Directors

Richard F. Miller	● ● ● ● ● ● ● ●	Chairman
Franklin D. Wagner	● ● ● ● ● ● ● ●	Vice Chairman
Rita F. Ramacciotti	● ● ● ● ● ● ● ●	Secretary
Amy Hahn	● ● ● ● ● ● ● ●	Treasurer
Paul R. Wagner	● ● ● ● ● ● ● ●	Vice Treasurer
Dan Davis	● ● ● ● ● ● ● ●	Assistant Secretary
Colleen Gallo	● ● ● ● ● ● ● ●	Director
William Sprandel	● ● ● ● ● ● ● ●	Director Emeritus
Ercoli DiVittore	● ● ● ● ● ● ● ●	Director Emeritus
Barbara McLaughlin	● ● ● ● ● ● ● ●	Director Emeritus

Supervisory Committee

Lori Gall	● ● ● ● ● ● ● ●	Chairperson
Diane Carroll	● ● ● ● ● ● ● ●	Member
Dan Davis	● ● ● ● ● ● ● ●	Director/Member
Elaine Royer	● ● ● ● ● ● ● ●	Member

HFCU Management Team

Joseph Marchese	● ● ● ● ● ● ● ●	Chief Executive Officer
Jill Sottile	● ● ● ● ● ● ● ●	Chief Financial Officer
Jeremy Kline	● ● ● ● ● ● ● ●	Chief Strategy Officer
Michael Stern	● ● ● ● ● ● ● ●	VP of Lending
Debbie Kremer	● ● ● ● ● ● ● ●	Branch Operations Team Leader
Miranda Ikeda	● ● ● ● ● ● ● ●	Marketing Manager
Janice Hocker	● ● ● ● ● ● ● ●	Compliance & E-Services Manager

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Hershey
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