



# 2020 Annual Member Report

Extraordinary Member Service  
with a Focus on Community



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# **WELCOME TO THE 2020 ANNUAL MEMBER MEETING OF BENCHMARK FEDERAL CREDIT UNION**

Date: May 25, 2021

Time: 4:30 p.m.

Location: Virtually via Zoom

## **MEETING AGENDA**

- I. Ascertain that a quorum is present (15 or more members)
- II. Review and approval of the minutes from the 2019 Annual Member Meeting held on May 26, 2020
- III. Report to the Membership
- IV. Supervisory Committee Report
- V. Election of Board Directors
  - a. Mark Bernstein, MBA
  - b. Tiffany Stokes, CPA, MBA
  - c. Arturo Guillen
- VI. Old Business
- VII. New Business
- VIII. Adjournment

**ANNUAL MEMBER MEETING OF  
BENCHMARK FEDERAL CREDIT UNION  
MINUTES OF MAY 26, 2020**

The 2019 Annual Member Meeting of Benchmark Federal Credit Union was held virtually via Zoom. Chair Cristine Watrous opened the meeting at 4:30 p.m. She asked CEO Daniel J. Machon, Jr. if a quorum was present. He responded yes; 29 members are on the Zoom call.

Chair Watrous asked if there was a motion to approve the 2018 Annual Member Meeting Minutes. CEO Machon stated a motion and a second have been received. Chair Watrous noted no objections and the 2018 Annual Member Meeting Minutes were approved.

CEO Machon then reviewed the 2019 results and discussed various accomplishments reached during 2019. He also spoke about COVID and steps taken to protect members and employees. He noted the 2019 Audited Financials were emailed to all members and they are also on the BFCU website.

Chair Watrous then introduced Director and Supervisory Committee Chair David Harrod. Chair Harrod reviewed the Supervisory Committee's role and responsibilities. He also spoke about the 2019 audit performed by an independent third party.

Chair Watrous reported the following nominees were elected by acclamation to serve on the Board of Directors for a term of three years each:

Mark Ward,  
Elva Bankins Baxter,  
David Harrod, and  
Adam Lush.

There were no petitions filed by March 25, 2020; therefore, the nominees are deemed elected as Directors.

Chair Watrous noted there was no old business presented at the meeting. She then thanked the entire employee team for their efforts over the past year. She also thanked the members for their continued support. She then opened the floor to any questions.

CEO Machon read and answered a few questions from the members.

There being no other business, a motion was duly made and seconded to adjourn the meeting at 4:55 p.m.

Respectfully submitted,

\_\_\_\_\_  
Cristine Watrous, Chair

\_\_\_\_\_  
James McLaughlin, Secretary



## Board of Directors

Cristine Watrous, Chair  
Tiffany Stokes, CPA, MBA, Vice Chair  
Mark Bernstein, MBA, Treasurer  
James D. McLaughlin, Esq., Secretary  
Adam Lush, Director  
Arturo Guillen, Director  
Elva Bankins Baxter, Director  
Michele Rudzik, Director  
Mark Ward, Director  
Peter Urscheler, Director  
Daniel J. Machon, Jr., Director

## Supervisory Committee

David Harrod, Chair  
Greg Potuznik, Member  
Peg Kirlin, Member  
Melissa E. Hawes, CPA, Member  
Mike Schreiber, Member

## Management

Daniel J. Machon, Jr., President/CEO  
Raymond A. Massi, CMA, CFO  
Alex J. Broussard, Vice President/Information Services  
Donna Filipone, Vice President/Lending  
Robin Feeko, Vice President/Operations  
Christopher Breslin, Vice President/Retail Services  
Rebecca K. Worthington, Vice President/Marketing  
Mark A. Pizzi, Vice President/Chief Commercial Operations Officer



## BFCU's 2020 Annual Report

Dear Benchmark Federal Credit Union Members:

Benchmark Federal Credit Union (BFCU) achieved net income for the year ended December 31, 2020 of \$232,517, representing a 751% increase year-over-year! We are proud to present our 2020 Annual Report, which reflects a year of exceptional productivity, strength, and community support despite the unprecedented events that unfolded during the pandemic.

Highlights through year-end December 31, 2020 included:

- Loans to Members, net increased \$3.7 million
- Total Assets increased \$23.1 million
- Members' Shares increased \$22.8 million

In the midst of a global pandemic, our success is evidence of an exceptional team of individuals who remain dedicated to deepening member relationships by following BFCU's guiding principle of making extraordinary member service our number one priority. BFCU's employees viewed the unique challenges presented in 2020 as an opportunity to serve individuals, families, and businesses who have put their trust in us. Their tireless efforts are greatly appreciated. We are incredibly proud and grateful for their efforts and for the continued support of our members.

We are honored that the Greater West Chester Chamber of Commerce has chosen Benchmark Federal Credit Union as the 2020 Business of the Year. The Business of the Year Award is presented annually to a Chamber member in recognition of outstanding achievement within the Chester County community.

If there's one thing that was reinforced so strongly this year, it's that when it comes to banking it's all about relationships. We watched heartbroken as several neighboring small businesses closed their doors indefinitely due to the tragic consequences of the Coronavirus. In an effort to help our community we created the Benchmark Cares Loan Program. The Program was created to offer 0% interest rate loans for small businesses within our community. Many stories hit close to home with our employees and are an important reminder to remain focused on recognizing member needs and cultivating strong relationships – that's what being a credit union is all about. We thank our members and employees for trusting BFCU with their financial well-being.

In past cycles, periods of economic and social stress would be contributing factors to declines in loan portfolio performance. The events of 2020 proved to be the exact opposite. As our community grappled with mandatory lockdowns, our primary focus was helping our members navigate the uncharted waters presented by the pandemic. We granted temporary payment assistance to help our members survive. We are pleased to report that a significant percentage of those members who were granted temporary payment relief have successfully returned to their regular payment schedule.

Regarding financial performance results, total assets grew 10.5% to \$242.7 million. Total members equity, which is the reserve that protects member deposits, increased to \$29.1 million, or 11.9% of total assets. Members' shares grew 11.9% to \$213.3 million. Loans to members increased by 2.3% during the year. Our new Commercial Lending division saw an increase of \$5.0 million during 2020. Commercial loans are available to help our member business owners. We also recorded net income of \$232,517 for the year ended December 31, 2020, an improvement of \$205,183 from 2019 results.

To stay competitive in the financial services industry, we must continually adapt to changing circumstances, introduce new products, focus on extraordinary member service, and streamline operations to become more efficient.



Often you can learn more about people in the troubling times than you do in the good times. Benchmark Federal Credit Union is grateful for the opportunity to serve our community with care and conviction through this pandemic. We're proud of our accomplishments and remain committed to the future and our promise to provide extraordinary member service. On behalf of the Board of Directors, we extend our deepest appreciation to our members and employees for your ongoing trust in us and for playing an integral role in our 2020 success. We look forward to continued growth in 2021 and the opportunity to deliver increased community service.



## BFCU's Commitment to Our Members

The mission of Benchmark Federal Credit Union is to improve the economic well-being of our members through a lifetime of premier financial products and services.

Every day BFCU strives to achieve our core values.

**Members First** – Building lifelong relationships to grow our membership, recognizing that members are BFCU's most important asset.

**Highest Integrity and Ethics** – Promoting the highest financial and ethical industry standards while acting with care, diligence, and fairness in all our business activities.

**Courtesy and Professional Service** – Providing courteous and professional service to members to promote a community of financial trust.

**Culture of Communication** – Cultivating communication and transparency to highlight our services and to demonstrate the financial benefits of credit union membership.

**Education for Member Success** – Educating members to ensure their long-term financial success.

**Product and Service Enhancements** – Continually enhancing the scope and variety of available products and services.

**Technological Vanguard** – Aligning members' financial needs to technological innovations to provide the most up-to-date service.

We will continue to provide extraordinary member service, by focusing on our mission and our core values.



## Supervisory Committee Report

One of the Supervisory Committee's major responsibilities is to have an independent audit performed at least annually to verify BFCU's financial reporting accurately reflects its financial condition and results of operations. To carry out these responsibilities, the Supervisory Committee employs independent certified public accountants to perform auditing and account verification work. For 2020, the Supervisory Committee hired RKL LLP to perform an annual audit of BFCU's financial statements in accordance with generally accepted auditing standards.

In addition, the Supervisory Committee works with the National Credit Union Administration (NCUA), our federal regulator, when it conducts its annual examination of BFCU. The Supervisory Committee also oversees the internal audit group to determine whether our operations are following BFCU's policies and procedures and that internal controls exist to protect member assets.

As detailed in RKL's Independent Auditor's Report to the committee, we are pleased to report BFCU's financial reporting accurately reflects its financial condition and results of operations. The full 2020 Audit Report is available on our website at <https://www.benchmarkfcu.org/wp-content/uploads/2021/03/2020-FS-Benchmark-FCU-FINAL.pdf>.

The following schedules should be read in conjunction with the full 2020 Audit Report available on our website.

**Benchmark Federal Credit Union**

## Statement of Financial Condition

	December 31,	
	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
<b>Cash and Cash Equivalents</b>	<b>\$ 1,306,247</b>	\$ 708,590
<b>Interest Bearing Accounts</b>	<b>50,289,441</b>	40,862,589
<b>Securities Available for Sale</b>	<b>21,009,710</b>	12,524,372
<b>Loans to Members</b>		
Consumer loans	<b>158,800,096</b>	159,886,635
Commercial loans	<b>5,748,986</b>	794,095
	<b>164,549,082</b>	160,680,730
<b>Allowance for loan losses</b>	<b>(1,359,313)</b>	(1,189,006)
<b>Loans to Members, Net</b>	<b>163,189,769</b>	159,491,724
<b>Accrued Interest Receivable</b>	<b>675,227</b>	652,522
<b>Property, Equipment, and Leasehold Improvements, Net</b>	<b>1,515,593</b>	1,773,853
<b>NCUSIF Deposit</b>	<b>1,841,766</b>	1,717,860
<b>FHLB Stock, at cost</b>	<b>95,100</b>	-
<b>Prepaid Expenses and Other Assets</b>	<b>2,731,514</b>	1,853,957
<b>Total Assets</b>	<b><u>\$ 242,654,367</u></b>	<b><u>\$ 219,585,467</u></b>
<b>Liabilities and Members' Equity</b>		
<b>Liabilities</b>		
Members' shares and savings accounts	<b>\$ 213,301,213</b>	\$ 190,544,567
Accounts payable and accrued expenses	<b>280,094</b>	213,290
<b>Total Liabilities</b>	<b>213,581,307</b>	190,757,857
<b>Members' Equity</b>		
Regular reserve fund	<b>4,954,900</b>	4,954,900
Undivided earnings	<b>24,134,203</b>	23,901,686
Accumulated other comprehensive loss	<b>(16,043)</b>	(28,976)
<b>Total Members' Equity</b>	<b><u>29,073,060</u></b>	<b><u>28,827,610</u></b>
<b>Total Liabilities and Members' Equity</b>	<b><u>\$ 242,654,367</u></b>	<b><u>\$ 219,585,467</u></b>

## Benchmark Federal Credit Union

### Statement of Income

	Years Ended December 31,	
	2020	2019
<b>Interest Income</b>		
Interest on loans	\$ 6,775,263	\$ 7,296,550
Interest on investment securities and interest bearing accounts	982,680	1,195,597
<b>Total Interest Income</b>	<b>7,757,943</b>	<b>8,492,147</b>
<b>Interest Expense</b>		
Dividends on members' shares and savings accounts	1,343,474	1,445,914
Interest on borrowed funds	-	301
<b>Total Interest Expense</b>	<b>1,343,474</b>	<b>1,446,215</b>
<b>Net Interest Income</b>	<b>6,414,469</b>	<b>7,045,932</b>
<b>Provision for Possible Loan Losses</b>	<b>390,000</b>	<b>542,246</b>
<b>Net Interest Income after Provision for Possible Loan Losses</b>	<b>6,024,469</b>	<b>6,503,686</b>
<b>Noninterest Income</b>		
Service fees	199,165	293,279
Loss on sale of investments	-	(1,750)
Other	879,777	942,916
<b>Total Noninterest Income</b>	<b>1,078,942</b>	<b>1,234,445</b>
<b>Noninterest Expenses</b>		
Employee compensation and benefits	3,620,106	3,835,725
Travel and conference	17,735	87,971
Office occupancy	461,295	469,018
Office operations	1,435,552	1,572,347
Educational and promotional	258,500	391,700
Loan servicing	820,601	1,054,021
Professional and outside services	154,785	184,538
Operating fees	59,843	58,035
Miscellaneous	42,477	57,442
<b>Total Noninterest Expenses</b>	<b>6,870,894</b>	<b>7,710,797</b>
<b>Net Income</b>	<b>\$ 232,517</b>	<b>\$ 27,334</b>

The above schedules should be read in conjunction with the full 2020 Audit Report available on our website at <https://www.benchmarkfcu.org/wp-content/uploads/2021/03/2020-FS-Benchmark-FCU-FINAL.pdf>.