

2016 ANNUAL REPORT

HFCU

HERSHEY FEDERAL
CREDIT UNION

• ANNVILLE • HERSHEY • HUMMELSTOWN

LEADERSHIP REPORT

We're in line with you at the post office. Next to you at the little league game. We go to the same restaurants. Sit in the same traffic. As kids, we played on the same streets. Went to the same schools, and grew up wishing we were anywhere but here only to discover this is exactly where we wanted to be. This is our home.

This is where we met our husbands and wives. Bought a house. Started families. Raised kids. Built lives. At Hershey Federal Credit Union, you're partnering with your community since 1949.

We are often asked what is the difference between a credit union and a bank. The big difference is you. You are an owner of a financial cooperative and there are no stockholders profiting from each transaction. Not only are all decisions made locally, but made for the benefit of our member-owners. It doesn't matter whether you have an account balance of \$20 or \$20,000 your vote counts the same as every member.

As a financial cooperative, our Board of Directors and Committees volunteer their time for the benefit of all members. We thank them for their time and dedication to providing an alternative to the banking world. We also thank the management team and staff who greet you daily and provide exceptional service.

Richard F. Miller, Chairman
Paul R. Wagner, President and CEO



TREASURER'S REPORT

During 2016 the economy continued to improve. Assets increased by \$2,496,695 or about 4.24%. Share deposits grew by 4.45% while loans decreased by 1%.

Net earnings for 2016 improved over 2015, but still low as a result of the continued low-rate environment.

The condensed financial statement is included in the Annual Report. Please review it for more information. The financial Analysis shows that HFCU continues to be secure and well-positioned for growth and continued service to members.

I thank the Board of Directors, Committees, Management and Staff for their continued dedication and assistance during the year. The members are fortunate to have such dedicated individuals working on their behalf for the benefit of the credit union.

Ercoli J. DiVittore, Treasurer

ALCO COMMITTEE REPORT

The Asset/Liability Committee (ALCO) is made of several HFCU Board members and 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 HFCU 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.

I wish to thank the ALCO committee members: Ercoli DiVittore, Francois Houde, Paul Wagner, Jill Sottile, Diane Mease, Nicole Smith and Dareck Caroway for their assistance in 2016.

Franklin D Wagner, Chairperson

STATEMENT OF FINANCIAL CONDITION

ASSETS & LIABILITIES

AS OF DECEMBER 31, 2016 (CONDENSED)

Assets	2016	2015
Loans Net	\$37,582,365	\$37,876,826
Cash and Investments	19,024,995	16,637,142
Other Assets	4,732,099	4,328,796
Total Assets	\$61,339,459	\$58,842,764
Liabilities		
Deposits	\$56,437,448	\$54,034,737
Other liabilities	119,630	169,159
Total Liabilities	\$56,557,078	\$54,203,896
Reserves	4,782,381	4,638,868
Total Liabilities/Reserves	\$61,339,459	\$58,842,764

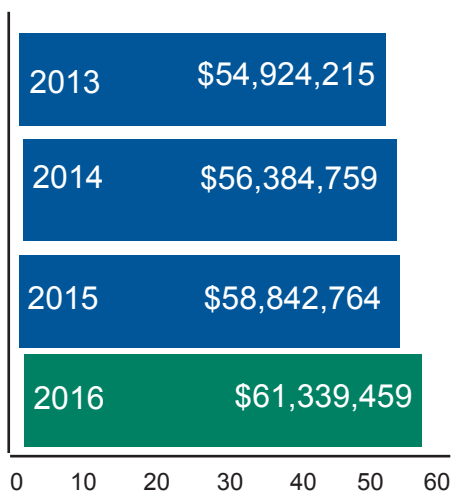
INCOME & EXPENSES

AS OF DECEMBER 31, 2016 (CONDENSED)

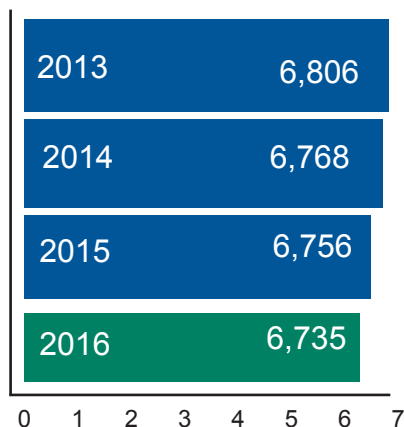
Income	2016	2015
Interest on Loans	\$1,675,436	\$1,649,678
Interest on Investments	191,197	152,284
Other Income	765,434	818,980
Total Income	\$2,632,067	\$2,620,942
Operating Expenses	\$2,399,452	\$2,423,458
Non-Operating Expenses	0	2,500
Net Income Before Dividends	\$232,615	\$194,984
Dividends	89,102	101,184
Net Income	\$143,513	\$93,800

FINANCIAL CHARTS

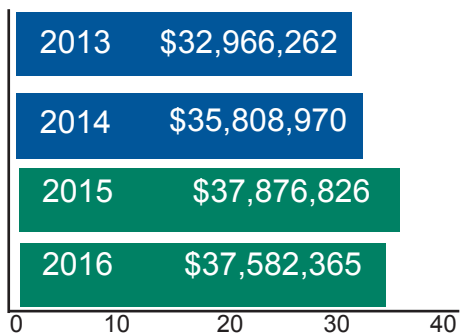
ASSETS



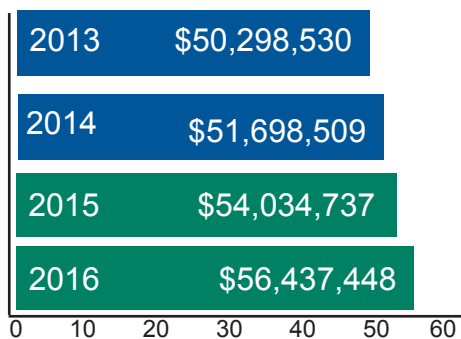
MEMBERSHIP



LOANS



MEMBER SHARES



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 2016, 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 2016, the committee performed various audits to assess the adequacy of, and effectiveness of, the internal controls. Once again, no material weaknesses were identified.

The committee would like to thank the Board of Directors, President Wagner and his excellent staff for their continued support and commitment to excellence and the safety and soundness of Hershey Federal Credit Union.

Lori A. Gall, Chairperson

HFCU LEADERSHIP

Board of Directors

Richard F. Miller	Chairman
Dennis H. Berkheimer	Vice Chairman
Rita F. Ramacciotti	Secretary
Ercoli J. DiVittore	Treasurer
Franklin D. Wagner	Assistant Treasurer
Barbara A. McLaughlin	
Francois Houde	
William Sprandel	Director Emeritus

Supervisory Committee

Lori Gall	Chairperson
Diane Carroll	
Dan Davis	
Francois Houde	



HFCU MANAGEMENT TEAM

Paul Wagner.....President & CEO
Jill Sottile Executive Vice President
Dareck Caroway..... VP Member Services
Diane MeaseVP Lending
Nicole Smith VP Risk, Compliance & Security

HFCU BRANCH INFORMATION



Hershey

904 E. Chocolate Avenue
Hershey, PA 17033



Hummelstown

232 Hershey Road
Hummelstown, PA 17036



Annville

710 E. Main Street
Annville, PA 17003

HFCU CONTACT INFORMATION

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