



2021 Annual Member Report

People Helping People



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WELCOME TO THE 2021
ANNUAL MEMBER MEETING OF
BENCHMARK FEDERAL CREDIT UNION

Date: May 24, 2022

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 2020 Annual Member Meeting held on May 25, 2021
- III. Report to the Membership
- IV. Supervisory Committee Report
- V. Election of Board Directors
 - a. Cristine Watrous
 - b. Daniel J. Machon, Jr.
 - c. James D. McLaughlin, Esq.
 - d. Michele Rudzik
- VI. Old Business
- VII. New Business
- VIII. Adjournment

**ANNUAL MEMBER MEETING OF
BENCHMARK FEDERAL CREDIT UNION
MINUTES OF MAY 25, 2021**

The 2020 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; 22 members are on the Zoom call.

Chair Watrous asked if there was a motion to approve the 2019 Annual Member Meeting Minutes. CEO Machon stated a motion and a second had been received. Chair Watrous noted no objections and the 2019 Annual Member Meeting Minutes were approved.

CEO Machon then reviewed the 2020 results and discussed various accomplishments reached throughout the year. He also spoke about COVID and steps taken to protect members and employees. He noted the 2020 Audited Financials were emailed to all members and they are also available 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 2020 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 Bernstein,
Tiffany Stokes, and
Arturo Guillen.

There were no petitions filed by March 24, 2021; 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 then opened the floor to any questions.

CEO Machon answered a few questions from the members.

There being no other business, a motion was duly made and seconded to adjourn the meeting at 4:50 p.m.

Respectfully submitted,

Cristine Watrous, Chair

James D. McLaughlin, Secretary



Board of Directors

Cristine Watrous, Chair

Tiffany Stokes, CPA, MBA, Vice Chair

Mark Bernstein, MBA, Treasurer

Adam Lush, Secretary

Arturo Guillen, Director

Melissa E. Hawes, CPA, Director

James D. McLaughlin, Esq., Director

Michele Rudzik, Director

Mark Ward, Director

Peter Urscheler, Director

Daniel J. Machon, Jr., Director

Supervisory Committee

David Harrod, Chair

Greg Potuznik, Member

Melissa E. Hawes, CPA, Director, Member

Management

Daniel J. Machon, Jr., President/CEO

Raymond A. Massi, CMA, CFO

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

Travis Downing, IT Manager



BFCU's 2021 Annual Report

Dear Benchmark Federal Credit Union Members:

“People helping people” – it’s the heart of the credit union movement. It’s also what inspires Benchmark Federal Credit Union to look beyond today and plan for the future. 2021 was a year defined by growth and possibilities. We began the year implementing our new Strategic Plan. Our plan focuses on five key initiatives that ultimately lead to enhancing the member experience, improving capabilities, and creating opportunities for future growth. During 2021, our membership experienced the prolonged effects of the pandemic and all that it entailed. Simply stated, last year continued to challenge our members and our employees, their families, and the community at large. COVID has imposed a significant degree of change on all of us and requires adaptability and resilience to ensure success. The potential for new COVID variants, continuing labor market and supply chain challenges, inflationary pressures, rising interest rates, and current geopolitical tensions could negatively affect household finances and ultimately credit union performance going forward. Benchmark will remain watchful and ready to respond to these issues. Despite the many challenges during 2021, we helped members take advantage of low-interest rates in refinancing their cars and homes. This refinance activity was a meaningful way to help increase household cash flows as prices rose for goods and services due to supply chain issues. The reduction in members’ loan rates also decreased the amount of interest paid over the remaining term of their loans. Most importantly, we are delivering on our mission at a time of great need for our membership.

As a not-for-profit financial cooperative, we work to put our members at the core of every decision we make. This past year, we invested in new technologies to give members more options and we made

improvements to our overall products and services. Recent changes have improved efficiencies and capabilities across the credit union; as well as improved convenience and data protection for our members. It's our mission to improve the well-being of our members through a lifetime of premier financial products and services. In 2021, our dedicated team of professionals assisted thousands of members and their families, helping them to identify the right financial solutions to meet their needs. We proudly supported dozens of organizations providing financial support along with volunteer service time in our local communities. We owe these successes to our team of dedicated employees who continued to work every day with the best interests of our members in mind. 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 Benchmark's guiding principle of making extraordinary member service our number one priority. Our employees viewed the unique challenges presented in 2021 as an opportunity to serve individuals, families, and businesses who have put their trust in us. Their tireless efforts are greatly appreciated and we are incredibly proud and grateful for their efforts; as well as the continued support of our members.

As we look ahead to 2022, we anticipate further enhancements to our products, services, and our members' overall experience. Your credit union is well-positioned for continued growth and success, and we look to the future with hope and optimism. We are excited for the journey ahead, and we thank our member-owners and our hard-working team for choosing Benchmark Federal Credit Union every day. We are proud to present our 2021 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, 2021 included:

- Loans to Members increased \$5.1 million
- Total Assets increased \$7.3 million
- Members' Shares increased \$7.5 million

Total assets grew to \$249.9 million. Net worth, which is the reserve that

protects member deposits, increased to \$29.6 million, or 11.9% of total assets, compared to the minimum requirement of 7% set by the NCUA. Members' shares grew 3.5% to \$220.8 million. Loans to members increased by 3.1% during the year. Commercial Loans saw an increase of 32.7% during 2021. We also recorded net income of \$556,103 for the year ended December 31, 2021, an improvement of \$323,586, or 139% from 2020 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.

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 a vital role in our 2021 success. We look forward to continued growth in 2022 and the opportunity to deliver increased community service.

Our goal remains to keep Benchmark Federal Credit Union financially strong, so member deposits are safe. We continue to reward members with great loan and deposit rates; as well as extraordinary member service, so that members can also benefit from our high level of financial strength. We will focus our resources on developing new products and services to enhance our members' experience today and in the future.

On behalf of the Board of Directors thank you for your continued support.

A handwritten signature in blue ink that reads "Daniel J. Machon, Jr." The signature is written in a cursive, flowing style.

Daniel J. Machon, Jr.
President & CEO



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 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 2021, 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 2021 Audit Report is available on our website at <https://www.benchmarkfcu.org/wp-content/uploads/2022/03/2021-FS-Benchmark-Federal-CU-FINAL.pdf>

The following schedules should be read in conjunction with the full 2021 Audit Report available on our website.

Benchmark Federal Credit Union

Statement of Financial Condition

	December 31,	
	2021	2020
Assets		
Cash and Cash Equivalents	\$ 775,644	\$ 1,306,247
Interest Bearing Accounts	28,452,516	50,289,441
Securities Available for Sale	46,308,196	21,009,710
Loans to Members		
Consumer loans	162,026,549	158,800,096
Commercial loans	7,631,627	5,748,986
	169,658,176	164,549,082
Allowance for loan losses	(1,344,191)	(1,359,313)
Loans to Members, Net	168,313,985	163,189,769
Accrued Interest Receivable	662,980	675,227
Property, Equipment, and Leasehold Improvements, Net	1,375,295	1,515,593
NCUSIF Deposit	1,953,181	1,841,766
FHLB Stock, at Cost	114,100	95,100
Prepaid Expenses and Other Assets	1,957,920	2,731,514
Total Assets	\$ 249,913,817	\$ 242,654,367
Liabilities and Members' Equity		
Liabilities		
Members' shares and savings accounts	\$ 220,754,103	\$ 213,301,213
Accounts payable and accrued expenses	375,493	280,094
Total Liabilities	221,129,596	213,581,307
Members' Equity		
Regular reserve fund	4,954,900	4,954,900
Undivided earnings	24,690,306	24,134,203
Accumulated other comprehensive loss	(860,985)	(16,043)
Total Members' Equity	28,784,221	29,073,060
Total Liabilities and Members' Equity	\$ 249,913,817	\$ 242,654,367

Benchmark Federal Credit Union

Statement of Income

	Years Ended December 31,	
	2021	2020
Interest Income		
Interest on loans	\$ 6,252,298	\$ 6,775,263
Interest on investment securities and interest bearing accounts	761,455	982,680
Total Interest Income	7,013,753	7,757,943
Interest Expense		
Dividends on members' shares and savings accounts	836,206	1,343,474
Net Interest Income	6,177,547	6,414,469
Provision for Possible Loan Losses	-	390,000
Net Interest Income after Provision for Possible Loan Losses	6,177,547	6,024,469
Noninterest Income		
Service fees	189,213	199,165
Recovery of prior investment write-off	178,096	-
Other	907,239	879,777
Total Noninterest Income	1,274,548	1,078,942
Noninterest Expenses		
Employee compensation and benefits	3,547,833	3,620,106
Travel and conference	37,917	17,735
Office occupancy	350,025	461,295
Office operations	1,558,411	1,435,552
Educational and promotional	288,241	258,500
Loan servicing	814,959	820,601
Professional and outside services	216,363	154,785
Operating fees	50,725	59,843
Miscellaneous	31,518	42,477
Total Noninterest Expenses	6,895,992	6,870,894
Net Income	\$ 556,103	\$ 232,517

The above schedules should be read in conjunction with the full 2021 Audit Report available on our website at <https://www.benchmarkfcu.org/wp-content/uploads/2022/03/2021-FS-Benchmark-Federal-CU-FINAL.pdf>