



Look

for the new symbol of
Shared Branching

PaCUISC

2013 Annual Report

Chairman's Report



Ralph W. Canterbury

Pennsylvania Credit Union Service Centers, Inc., (PaCUSC) is pleased to report another strong year of shared branching growth among credit unions headquartered in Pennsylvania and Delaware.

As of the end of 2013, PaCUSC coordinated shared branching for 57 Pennsylvania credit unions with a total of 155 shared branching locations. In 2013, we welcomed Bellco Federal Credit Union, Corry Federal Credit Union, Media Members Federal Credit Union, and R-S Bellco Federal Credit Union to the network. I'd also like to thank Citadel Federal Credit Union, Corry Federal Credit Union, Eagle One Federal Credit Union, TruMark Financial Credit Union, R-S Bellco Federal Credit Union, and Ukrainian Selfreliance Federal Credit Union for adding one or more shared branching locations.

PaCUSC was instrumental in helping establish Delaware's first shared branching location in 2007. As of the end of 2013, a total of nine Delaware credit unions offered shared branching through a total of 28 shared branching locations. In 2013, we welcomed New Castle County School Employees Federal Credit Union to the shared branching network. We also saw Community Powered Federal Credit Union and New Castle County School Employees Federal Credit Union add one or more shared branching locations to the network.

When conducting business in-state, members can conduct an unlimited number of transactions after the member verification; their credit union pays a nominal fee per member verification.

Out-of-state transactions also include member verification, although pricing for out-of-state transactions are determined by CO-OP Shared Branching.

PaCUSC ended the year with 342,798 member verifications among Pennsylvania locations, an increase of 4 percent from 2012. There were 700,204 out-of-state transactions from members of Pennsylvania credit unions in 2013, up 1 percent from the prior year.

Delaware locations reported a total of 28,471 member verifications, an increase of 78 percent from the prior year. Delaware credit union members conducted 27,367 out-of-state transactions in 2013, and 63 percent increase from 2012.

A milestone for shared branching during 2013 was the "rebranding" of the shared branching logo. The network is now known as CO-OP Shared Branch instead of Credit Union Service Centers, incorporating a new logo as the symbol of shared branching. Change is never easy, and PaCUSC is appreciative of the extensive materials and assistance CO-OP Shared Branching offered as part of the rebranding effort. I'll also note that PaCUSC was extremely engaged in the rebrand among our credit unions, offering marketing material to our clients at no charge.

If your credit union is looking for ways to serve your members through a range of delivery channels, I encouraged you to look at the solutions available through PaCUSC and the CO-OP Shared Branch network.

Sincerely,

Ralph W. Canterbury
Chairman

Members were encouraged to "Look for the New Symbol of Shared Branching" as part of the marketing campaign that PaCUSC provided credit unions to promote the rebranding of the CO-OP Shared Branching network.

Treasurer's Report



Linda Brown

For the year ended December 31, 2013, PaCUSC has a Gain after Taxes of \$212,000. The Budgeted Gain was \$221,000, resulting in a negative variance of \$9,000. On the positive side, compared to 2012's Gain of \$202,000, PaCUSC finished \$10,000 ahead of last year.

Total Revenue increased 9.5% from \$430,000 in 2012 to \$471,000 in 2013. Total activity (PA in-state, PA members at out-of-state locations, out-of-state members at PA locations, DE in-state, DE members at out-of-state locations and out-of-state members at DE locations) grew 3% from 1,668,000 to 1,717,000 transactions.

Operating Expenses were \$93,000, up \$10,000 compared to 2012. Professional Fees and Marketing Expenses account for most of the increase. Travel expenses decreased almost \$3,000. With PaCUSC operating solely in an outlet environment, as opposed to the flagship office, the operating costs are minimal. Marketing accounts for 39% of the total expenses (\$36,000 Marketing vs. \$93,000 Total).

Retained Earnings as of December 31, 2013 were negative \$638,000. This is a significant improvement. In year 2000, the Retained Earnings balance was negative \$1,813,000.

Cash Equivalents are approximately \$1.6 million at year-end. PaCUSC has no long-term debt.

On behalf of the PaCUSC Board of Directors, we thank Pacul Services, Inc. and the Pennsylvania Credit Union Association for their continued support and management role. A special thanks to Sandy Shenk, the PaCUSC State Coordinator. We appreciate everything she does to promote shared branching.

When your members are out of town, they can still rely on their credit union through shared branching. If you're not yet offering shared branching, I highly encourage you to do so.

Respectfully submitted,

Linda Brown
Treasurer

PaCUSC Board of Directors

Ralph W. Canterbury, *Chairman*

Brian Hahn, *Vice Chairman*

Linda Brown, *Secretary/Treasurer*

Troy Garvin, *Director*

Thomas Smith, *Director*

Brian Waugaman, *Director*

PaCUSC Management Staff

Patrick Conway, *President and CEO*

Richard Wargo, *EVP/General Counsel*

T. Fetsko, *Controller/VP Administration*

Corinne Sherman, *SVP, Fee Services*

Sandy Shenk, *PaCUSC State Coordinator*

THE

PaCUISC

STORY



66 credit unions

OFFER SHARED BRANCHING TO

1.2 million members



183
PaCUISC
OUTLETS SERVED
372,000



VISITS BY MEMBERS OF in-state CREDIT UNIONS



AND ANOTHER

562,000

VISITS BY MEMBERS OF
out-of-state CREDIT UNIONS

Balance Sheet As of December 31, 2013

CURRENT ASSETS		CURRENT LIABILITIES	
Cash and Cash Equivalents	1,595,909	Accounts Payable	58,694
Accounts Receivable	74,858		
Prepaid Expenses	0	TOTAL CURRENT LIABILITIES	58,694
TOTAL CURRENT ASSETS	1,670,767	CAPITAL	
PROPERTY AND EQUIPMENT		Capital Stock Outstanding	90
Furniture, Equipment & Improvements	42,500	Additional Paid-In Capital	2,249,910
Accum Depr – Furn & Off Equip	(42,500)	Retained Earnings	(637,927)
NET PROPERTY AND EQUIPMENT	0	TOTAL CAPITAL	1,612,073
TOTAL ASSETS	1,670,767	TOTAL LIABILITIES & CAPITAL	1,670,767

Income Statement

	2013 Actual	2013 Budget	Variance to Budget	2012 Actual	Change from Prior Year
REVENUE					
Investment Income	2,107	2,100	7	2,040	67
PA Outlets	358,680	445,340	(86,660)	339,637	19,043
DE Outlets	58,567	49,460	9,107	39,819	18,748
Miscellaneous Income	51,699	47,000	4,699	48,618	3,081
Total Revenue	471,053	543,900	(72,847)	430,114	40,939
Income - NGN Switch Fee	287,780	224,000	63,780	197,202	90,578
NGN Switch Fee Expense	(287,778)	(224,000)	(63,778)	(197,204)	(90,574)
Net	2	0	2	(2)	4
EXPENSES					
Travel	7,323	8,100	777	10,065	(2,742)
Training	2,240	2,500	260	2,201	39
Governance Expenses	13,510	17,300	3,790	11,526	1,984
Professional Fees	22,110	20,400	(1,710)	14,469	7,641
Telephone	1,324	1,100	(224)	998	326
Postage	770	800	30	838	(68)
Supplies & Services	377	400	23	443	(66)
Insurance	2,269	2,400	131	2,277	(8)
Research & Development	0	5,000	5,000	0	0
Public Relations	1,000	1,000	0	1,000	0
Operational Expense	4,600	4,800	200	4,200	400
Marketing & Promotions	36,328	76,000	39,672	33,019	3,309
Miscellaneous Expense	946	1,500	554	1,815	(869)
Total Operating Expenses	92,797	141,300	48,503	82,851	9,946
Gain/(Loss) Before MSF & Taxes	378,258	402,600	(24,340)	347,261	30,997
NON-OPERATING EXPENSES					
PSI MSF	141,652	158,100	16,448	125,705	15,947
Total Non-Operating Expenses	141,652	158,100	16,448	125,705	15,947
Gain/(Loss) Before Taxes	236,606	244,500	(7,894)	221,556	15,050
Corporate Taxes	24,552	23,000	(1,552)	19,998	4,554
NET GAIN/(LOSS)	212,054	221,500	(9,446)	201,558	10,496