

2023

Annual Report

ENRICHING LIVES



Message from our CEO



I am incredibly grateful for the opportunity to address such a committed and supportive community. As we look back over the past year, it's your loyalty and dedication that shine as the cornerstone of our collective achievements.

"We are bringing financial literacy to the forefront of how we engage with our community"

The past year brought with it a change in the financial landscape, particularly with the Federal Reserve's adjustments to the interest rate environment. This shift presented a different terrain from what we've navigated in recent memory – not a challenge, but an opportunity for growth and adaptation. In this evolving context, our Credit Union didn't just persevere;

we thrived, bolstered by our shared commitment and innovative approach.

The shifting rate environment allowed us to redefine the value we provide to you, our members. We were able to more than double our dividends in 2023 to over \$3.3 million dollars directly distributed to our membership. While the increase in interest rates also led to a nationwide increase in rates on loans such as Mortgages and Auto Loans, our team continued to work with our members to provide accessible options that fit within their budgets and lifestyles.

As we pivot towards the future, 2024 holds promise for further advancements and improvements, some of which have already been set into motion. The implementation of new core system hardware stands at the forefront of these enhancements. This upgrade is not just about increased processing speeds or additional services; it's a leap towards unparalleled reliability and efficiency, ensuring that service interruptions become a thing of the past.

Equally exciting is the overhaul of our phone system. The transition from outdated copper lines to a state-of-the-art, internet-based system represents a monumental step forward. This change will eliminate the vulnerabilities we've faced due to weather-related issues and infrastructure limitations, ensuring that our members are able to reach our team 24/7.

These all represent great financial investments by the credit union, however, the most significant investment we make is in you, our members, and our invaluable employees.

The expansion of our Certified Credit Union Financial Counselors program underscores our commitment to empowering you with knowledge and tools to navigate your financial landscape confidently. By enhancing the expertise of our staff, we will be able to educate our members on the impact of credit on their lives, and help individuals who the traditional banking system may have otherwise abandoned. We are bringing financial literacy to the forefront of how we engage with our community.

As we look forward to the future, we are excited for all of the possibilities that are before us. The credit union has many projects planned to bring you more products and improved services throughout 2024 and beyond.

We thank you for your continued support, your trust, and your membership. Here's to a remarkable year ahead!

Matthew Margosian
President & CEO

Loan Report



"We provided funding for nearly \$27 million purchases and advances in 2023."



As of year-end 2023, total outstanding loans were nearly \$240 million. We originated over \$73 million in new loans during 2023.

We always remind our membership to "insist on us" when buying a car at a dealership. Through our Credit Union Service Organization, Keystone Lending Alliance, LLC, we have relationships with over 400 dealerships in Pennsylvania. During 2023, total outstanding loans originated at dealerships grew to over \$100 million.

Our mortgage team is ready to help you through the mortgage process. During 2023, we were able to approve eight members for the First Front Door grant program. In 2024, the First Front Door program is expanding and we are excited to help first-time homebuyers with even larger

grants toward downpayment and closing costs. Call our team for a free preapproval!

Spring is a great time to check out our Flex Home Equity Line of Credit for home improvement projects. This allows for an interest-only payment during the 10-year draw period but also allows members to lock in balances at the current fixed rate. By year-end, 127 members are taking advantage of this great product with credit limits totaling \$8.3 million.

If you don't have a Widget Visa Platinum credit card, consider using your credit union to get rid of the high interest cards in your wallet. While some other lenders have raised rates as high as 30%, our program continues to have the same low fixed rate, no annual fee, and is serviced locally.

We provided funding for nearly \$27 million purchases and advances in 2023.

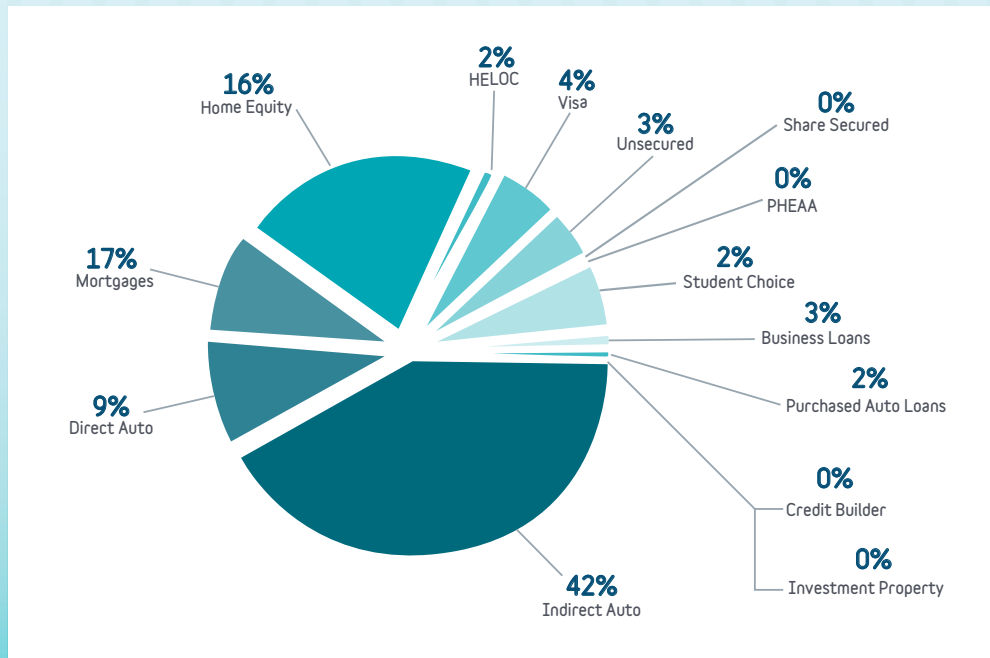
Thank you for your continued trust in us to finance your dreams and goals. We look forward to serving you in 2024.

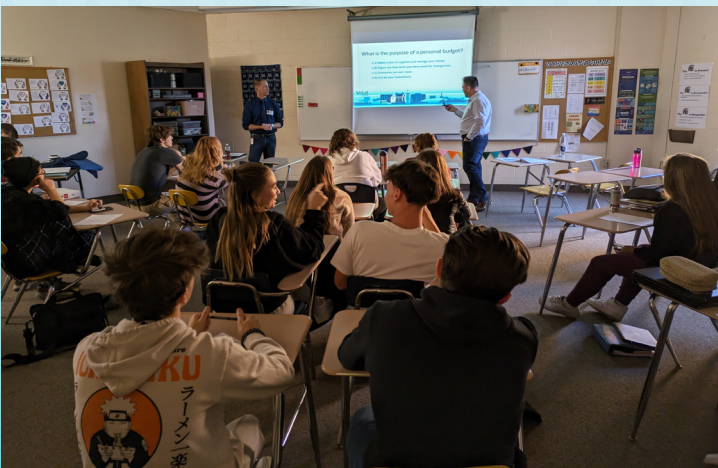
Warm Regards,

Elizabeth Butler
Chief Lending Officer

Our loan portfolio mix at the end of 2023

12-31-2023





Treasurer's Report



"Member dividends more than doubled from the previous year."



This past year, Widget Financial continued to thrive and once again demonstrated sound and successful financial performance. Year after year, we have consistently remained a strong and secure financial institution for you to deposit and borrow funds, while undertaking new initiatives and providing innovative products for you, our members.

In 2023, Widget Financial continued to expand our membership footprint, reinforcing our role as a trusted partner in your financial well-being. Amidst the evolving financial landscape, we not only sustained our commitment to our members but also significantly increased the dividends returned to you. In a clear display of our robust financial health and our principle of mutual benefit, member dividends more than doubled to over \$3.3 million from close to \$1.6 million the previous year.

Loans to members increased by \$2.7 million to approximately \$239.1 million in 2023, a testament to our commitment to support your financial goals while ensuring outstanding credit quality. This growth is a direct result of our strategic focus on innovative lending strategies aimed at bolstering future loan growth.

Our financial standing has remained formidable through 2023, a testament to the resilience of our total assets in a challenging economic environment. Our cash and cash equivalents have significantly increased to about \$29.5 million, up from \$24.6 million the year prior, reflecting our prudent fiscal management and strong liquidity position. While we have experienced adjustments in our investment portfolio, these changes are strategic, ensuring that our foundation is not only secure but also poised to capitalize on opportunities for growth. The unwavering strength of our total assets positions us to

continue leveraging economies of scale, which contributes to a solid and increasingly profitable bottom line for the credit union.

We deeply appreciate your loyal membership and the trust you place in us. Widget Financial is a respected entity in our community, and we encourage you to share the benefits of membership with your family and friends.

Thank you for your time, and we eagerly anticipate another financially successful year ahead in 2024!

Greg Fitzgerald, Board Treasurer

Financial Report

STATEMENT OF FINANCIAL CONDITION	2023	2022	\$ Change	% Change
ASSETS				
Loans to Members	239,109,474	236,422,505	2,686,968	1.14%
Less: Allowance for Loan Losses	(1,324,543)	(938,870)	(385,673)	-41.08%
Cash & Cash Equivalents	29,489,531	24,551,515	4,938,016	20.11%
Investments	127,862,880	134,002,854	(6,139,974)	-4.58%
Property & Equipment (Net of Depreciation)	10,923,910	11,407,199	(483,289)	-4.24%
NCUA Share Insurance Fund	3,831,895	3,861,260	(29,365)	-0.76%
Other Assets	17,370,898	15,652,949	1,050,460	6.44%
TOTAL ASSETS	\$427,264,046	\$425,626,902	\$1,637,144	0.38%
LIABILITIES				
Accounts Payable	2,243,508	1,568,176	675,332	43.06%
Other Liabilities	1,060,486	2,193,101	(1,132,615)	-51.64%
TOTAL LIABILITIES	\$3,303,994	\$3,761,277	(\$457,283)	-12.16%
SHARES				
Savings	161,009,786	183,723,913	(22,714,127)	-12.36%
Checking	110,801,067	116,933,599	(6,132,532)	-5.24%
Money Market	21,283,452	26,558,538	(5,275,085)	-19.86%
Individual Retirement Accounts	19,946,301	18,247,575	1,698,725	9.31%
Certificates	73,148,418	44,447,153	28,701,265	64.57%
TOTAL SHARES	\$386,189,024	\$389,910,778	(\$3,721,754)	-0.95%
EQUITY				
Reserves	4,623,862	4,623,862	0	0.00%
Undivided Earnings	38,157,393	35,576,430	2,580,963	7.25%
Unrealized Gains/Losses	(5,010,226)	(8,245,445)	3,235,218	39.24%
TOTAL EQUITY	\$37,771,028	\$31,954,847	\$5,816,181	18.20%
TOTAL LIABILITIES, SHARE & EQUITY	\$427,264,046	\$425,626,902	\$1,637,144	0.38%
STATEMENT OF INCOME				
OPERATING INCOME				
Interest on Loans	11,014,490	8,980,532	2,033,958	22.65%
Income from Investments	2,970,923	2,053,167	917,756	44.70%
Other Income	8,092,525	7,922,449	170,075	2.15%
TOTAL OPERATING INCOME	\$22,077,938	\$18,956,149	\$3,121,789	16.47%
OPERATING EXPENSES				
Compensation & Benefits	8,117,561	7,579,432	538,129	7.10%
Office Operations	2,738,593	2,863,296	(124,703)	-4.36%
Marketing	515,500	440,114	75,386	17.13%
Loan Servicing	743,532	706,923	36,609	5.18%
Professional & Outside Services	2,617,640	2,200,747	416,893	18.94%
Provision for Loan Losses	1,082,719	678,111	404,608	59.67%
Other Expenses	223,865	263,152	(39,287)	-14.93%
TOTAL OPERATING EXPENSES	\$16,039,409	\$14,731,775	\$1,307,634	8.88%
Member Dividends	3,328,286	1,580,014	1,748,272	110.65%
Non-Operating Income	88,004	116,704	(28,701)	-24.59%
NET GAIN	\$2,798,246	\$2,761,064	\$37,182	1.35%

Supervisory Committee Report



"Widget Financial continues to operate in full compliance with all known federal financial rules and regulations."



The Supervisory Committee plays an essential role in maintaining the financial security of our credit union by ensuring that each members' funds and interests are protected in every way possible. The Supervisory Committee works in conjunction with the National Credit Union Administration (NCUA) and outside auditors to make certain that all aspects of our members' financial transactions are handled with the utmost sense of fiscal responsibility.

The Committee's duties and responsibilities include:



Reviewing the minutes and actions of the Board of Directors on a monthly basis.



Presenting written findings and recommendations to the Board of Directors.



Ensuring complete regulatory compliance with all state and federal financial regulations.



Assuring that a complete and thorough audit of the credit union's operations and records is conducted at least once per calendar year.



Verifying that adequate controls are in place to safeguard the assets of the credit union and its members.



Overseeing committees and management to assure credit union affairs are within compliance boundaries.

Having verified the results of all audits, reports and independent recommendations, the Supervisory Committee is pleased to report that Widget Financial continues to operate in full compliance with all known financial rules and regulations.

This credit union is one that is financially strong and very well managed.

Karlynn Bernhard
Supervisory Committee Chair

Board of Directors

Officers

Marko Jovanovich - Board Chair

Carl Palotas, Jr. - 1st Chair

Greg Fitzgerald - Treasurer

Ellen Schauerman - Secretary

Board-at-Large

Paul Antolik

Karlynn Bernhard

Larry Brown

Paul Letkiewicz

Vera Newell

Supervisory Committee

Karlynn Bernhard - Chair

Pat Federici

Kathy Koster

Christopher Elliott

Executive Management

Matthew Margosian, President and Chief Executive Officer

Therese Bihler, Chief Financial Officer

Elizabeth Butler, Chief Lending Officer

Andrea Thompson, SVP of Member Experience

Chris Monaghan, SVP of Human Resources

Steve Dill, SVP of Operations & Processing

Board Elections

The leadership of our credit union's volunteer Board of Directors plays an integral role in making the credit union successful. Petitions were entered to the nominating committee prior to the Annual Meeting, and the following members are running as incumbents and will be reelected to the Board of Directors: Greg Fitzgerald, Karlynn Bernhard, Marko Jovanovich, Larry Brown