

2013

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ANNUAL REPORT



# Board of Directors

John W. Kline

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**Vice Chairman**

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**Treasurer**

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**Director**

Kelly Edwards

**Director**

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**Director**

# A Message from the Chairman of the Board

Again, the slow economic recovery, the lack of a robust demand for loans and low earnings from investments has again had an impact on our bottom line this year. Riverfront however, remains financially strong and well capitalized. We have again received high marks with examinations conducted by the NCUA, our external auditing firm, IT audits, other regulatory and compliance exams.

The latter part of 2013 and the beginning of 2014 was a very busy time for the Board of Directors. In July of last year our CEO for the last 19 years Vince Paolini announced his plan to retire in the beginning of 2014. Vince began his career with Riverfront as our Chief Operating Officer in 1994 being elevated to the President/Chief Executive Officer shortly thereafter.

When Mr. Paolini assumed the helm of CEO, the credit union had assets of nearly 60 million dollars; at the end of his tenure our assets grew to 170 million dollars. Vince's goal was to grow the credit union profitably to which he did; this was one of his many accomplishments. The Board of Directors thanks Vince for his contributions and dedication and for the integrity he brought to himself, the position and to our organization.

After the announcement, the Board formed a search committee who sought the help of a professional search firm to find the right person with the skill set we felt were needed to lead our organization into the future and to keep us relevant to our members and the communities we serve.

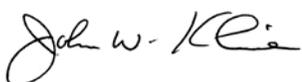
At the end of the interview process and being completely satisfied that we as a board did our due diligence, we announced the hiring of Tim McLeod as Riverfront's new President/Chief Executive Officer. Tim brings to the organization various fields of expertise such as lending, financial forecasting and investing, strategic planning, asset liability management and a community outreach background. Prior to joining Riverfront, Tim had a nine year military career, work in the financial service industry, an examiner for the National Credit Union Administration and a 13 year career with Singing River Federal Credit Union in Moss Point, Mississippi as Chief Operating Officer.

With the hiring of a new CEO, it presents the credit union the opportunity for a new chapter in our long history and also the opportunity for a culture change. We are confident that Mr. McLeod's expertise and experiences will bring many changes to the organization especially in the area of new products and services, the way we deliver them and enhancing existing products and services.

As members of Riverfront you will have the opportunity to use many of our new products and services such as our mobile banking platform and new lending services which will include a first mortgage program in the coming months. Our strategic plan includes these mentioned initiatives and many more that will enhance and have additional value to your Riverfront membership.

The Board believes important attributes to a quality organization are an experienced, talented management team and group of employees to which we at Riverfront have the best. We also know financial strength and having a sustainable growth plan is also key elements to our long term survival and relevancy; we are confident that as our strategic initiatives progress, the credit union along with our members will prosper.

In closing, the board and management as a team have a goal to become as strategic, relevant, competitive and helpful to our members as possible.



John W. Kline  
Chairman of the Board

# A Message from the President/CEO

## Changing of the guard

I will not talk much about the past year, other than reiterating some of the points the Chairman discussed. However, I will talk about the future. Riverfront FCU has very strong financials, with net worth (capital) above 10%. While we ended the year with negative earnings, we never took our eyes off of servicing our members. Where do we go from here?

Since my arrival in February, one of my primary tasks has been to reestablish the connection between the credit union and what our members need. To that end, we have started redeveloping the lending operation, working on operational efficiencies in member services and empowering the staff to work more effectively. In addition to creating these efficiencies through operations, we are designing a marketing plan that will guide our efforts through the remainder of the year. A large portion of that plan includes an in-depth outreach program, getting Riverfront FCU back in focus within the communities we serve. Likewise, as we continue to march forward, you will notice a more concerted effort with our involvement in community events throughout our service area, to include greater opportunities for the staff and volunteers to participate and deliver our message within Berks County.

Since I have been here, there has been a “buzz” and rightfully so. I have never seen a staff so eager to work harder and move in a forward direction. This excitement and enthusiasm makes my job very easy and with that I will continue to empower the staff to do their job and I will continue to stay out of their way. Moreover, I am motivated to provide the necessary tools needed to do the job more efficiently, saving our members both time and money. Another area that we are focusing on is cutting edge products and services. Things such as a new interactive website, mobile banking, mortgage lending and to tie it all together, a new core processing system, just to name a few. These operational aspects will position us to provide our members better control over their own accounts, greater functionality and will allow us to provide needed services more effectively and cost our members less money. And if this was not enough to start with, we have begun the process of evaluating our fee structure with the intention of lowering or removing a number of fees, saving members more of their hard earned money. After all, a credit union is people helping people and that is what our credit union does.

My passion for helping people has led to my acquiring the experience that I bring to this organization. My greatest satisfaction comes from helping others achieve that which causes their life to be better. Through that mentality, I seek out and foster better ways to provide products and services that not only allows our members a better life, but they can achieve it more effectively. I feel very fortunate to be part of the Riverfront family. More importantly, I look forward to all of the great things we are going to accomplish, and growing stronger together.



Tim D. McLeod  
President/CEO

# A Message from the Supervisory Committee

The role of the Supervisory Committee is an important one and is similar in many respects to the role of an internal auditor. We serve to protect the interests of our members. We assume the responsibility for ensuring that a quality system of checks and balances is maintained. Our committee consists of four members appointed annually by the Board of Directors.

The committee's primary duties and responsibilities include:

- Engaging an independent auditing firm to complete an annual audit of the credit union's financial statements.
- Monitoring regulatory compliance.
- Ensuring that the credit union's directors and staff fulfill their fiduciary responsibility.

In 2013, the Supervisory Committee completed the following:

- Performed surprise cash counts of tellers' cash drawers, vaults and ATM machines.
- Reviewed file maintenance and teller short/over reports.
- Reviewed loan files for compliance with internal and regulatory policies.
- Reviewed delinquency report and its components with the Asset Recovery Manager.
- Verified the accuracy of bank statement reconcilements.
- Reviewed expense accounts for employee and volunteer education, travel and conferences.

Irwin G. Levan  
Supervisory Committee Chairperson

# STATEMENT OF FINANCIAL CONDITION

| <b>Assets</b>                                     | <b>December 31,</b>   |                       |
|---|-----------------------|-----------------------|
|   | <b>2013</b>           | <b>2012</b>           |
| Loans to members, net                             | \$ 46,516,412         | \$ 48,737,295         |
| Cash and cash equivalents                         | 2,225,599             | 2,242,758             |
| Interest bearing accounts                         | 23,472,445            | 51,990,272            |
| Securities available for sale                     | 91,738,823            | 64,871,995            |
| Accrued interest receivable                       | 403,875               | 286,530               |
| Property and equipment, net                       | 643,143               | 780,133               |
| NCUSIF deposit                                    | 1,530,210             | 1,518,448             |
| Prepaid expenses and other assets                 | 337,485               | 329,777               |
| <b>Total Assets</b>                               | <b>\$ 166,867,992</b> | <b>\$ 170,757,208</b> |
| <br><b><i>Liabilities and Members' Equity</i></b> |                       |                       |
| <b>Liabilities</b>                                |                       |                       |
| Members' shares and savings accounts              | \$ 150,295,525        | \$ 151,821,345        |
| Accounts payable and accrued expenses             | 347,688               | 373,867               |
| <b>Total liabilities</b>                          | <b>150,643,213</b>    | <b>152,195,212</b>    |
| <b>Members' equity</b>                            | <b>16,224,779</b>     | <b>18,561,996</b>     |
| <b>Total Liabilities and Members' Equity</b>      | <b>\$ 166,867,992</b> | <b>\$ 170,757,208</b> |