



A Year of  
**CELEBRATION AND GROWTH**

We'd like to thank our primary sponsor  
**Merck & Co., Inc.**  
for their continued support of  
Merck Sharp & Dohme Federal Credit Union.

## 2015 COMMUNITY EVENTS

### Raised \$22,000 for Sebastian Riding Associates and The Shepherd's Shelf

MSDFCU held its 16th Annual Cow Plop to benefit Sebastian Riding Associates and The Shepherd's Shelf. Sebastian Riding Associates offers equine-assisted therapy programs for children and adults living with various disabilities. The Shepherd's Shelf is a food pantry that serves Montgomery County. With this donation, the Credit Union's 16-year total charitable contribution from the Cow Plop is well over a quarter of a million dollars.

### Raised \$10,000 for Homelessness

MSDFCU held its 17th Annual Charity Golf Open at the Mainland Golf Course. The event raised \$10,000 for Bridge of Hope Buxmont, a Lansdale, Pennsylvania-based charity working to break the cycle of homelessness. With this donation, the Credit Union's 17-year total contribution to charities raised from the Golf Open is now over \$167,000.

### Adopt-A-Highway

Three times this year, our staff volunteers cleaned a stretch of local highway spanning two miles of a busy section of County Line Road between Business Route 202 to Route 309. A total of 37 employees volunteered, some multiple times, to participate in the cleanup sessions. This is the sixth year MSDFCU has committed to the Adopt-A-Highway program.

### KidCare ID Program

During the annual Lansdale Day community event, we provided over 100 children with an updated ID, including their photo. As an incentive to get children and parents to stop into the booth, each child could enter a drawing for a gift card valued at \$100. We divided the children into three age groups and randomly selected one child to win from each category.

### Shredding Days

To help members prevent identity theft, MSDFCU held two shredding days this past year. Both events were well attended and members thanked the staff for hosting this valuable service.

### Supplies and Donations Drive for Montgomery County SPCA

For the 17th year in a row, our Lansdale branch collected money, blankets, sheets, towels, pet food, pet toys and other pet supplies for the Montgomery County SPCA. Nearly \$38,000 and various supplies have been donated over the last 17 years.

### Employee Community Involvement

Each month in 2015, a different charity was featured and staff members were asked to donate what is needed by the charity. The initiative kicked off in 2013 and has benefitted more than five local charities.



During the holiday season, MSDFCU provided 60 new children's coats to members of our communities. These coats were obtained through Operation Warm, the nation's largest nonprofit provider of new winter coats to children in need. The coats arrived at the Chalfont headquarters where the boxes were sorted according to size and gender by volunteers. The following day the coats were delivered to two local organizations, The Family House of Norristown, PA and Project Outreach of Royersford, PA.



# CHAIRMAN'S REPORT

For many of us, including those of us close to the credit union industry, 2015 was not without its challenges. Financially, economic uncertainty repeatedly challenged our Credit Union staff to identify creative and effective means to meet our members' needs. Organizationally, we lost our longest-tenured Director, Drew McPherson, whose depth of industry wisdom was beyond his years of service. We also honored the retirement of one of our most active member advocates, the Reverend Dr. Marjorie Duncan Reed. Despite these goodbyes and a handful of adversities, our Credit Union maintained focus on its goals and continued to deliver value to our membership.

Not only did the Credit Union staff deliver better-than-expected results on more than half of our 2015 goals, but we also opened the doors of our Collegeville branch in September. None of these accomplishments were realized without perseverance from our seasoned team of employees and volunteers. And in 2016, we look forward to several equally ambitious goals that seek to directly recognize the needs of our members through improved computing services and convenient access to online services. On behalf of the entire Board of Directors, we thank every member and every Credit Union employee for continuing to support and enable the realization of our vision.



Jeffrey James  
Chairman



Jeffrey James  
Chairman

# PAST CHAIRMEN AND EXECUTIVE COMMITTEE

## Past Chairmen of the Board

### 1950–1970

Raymond O. Hoffman

### 1970–1973

William E. Gadd

### 1973–1976

John D. Stevens

### 1976–1979

Joseph G. Robinson

### 1979–1982

Kenneth L. Brehm, Sr.

### 1982–1985

W. Andrew McPherson

### 1985–1986

Peter Nebenfuhr

### 1986–1989

Thomas D. O'Connor

### 1989–1992

W. Andrew McPherson

### 1992–1993

John D. Stevens

### 1993–1994

W. Andrew McPherson

### 1994–1995

John D. Stevens

### 1995–1996

Carter LeBrocq

### 1996–2001

Bonnie Folgia

### 2001–2004

Marjorie D. Reed

### 2004–2012

W. Andrew McPherson

## Executive Committee



Jeffrey James  
Chairman



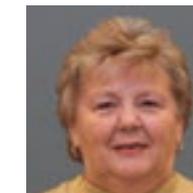
Joseph  
Robinson  
1st Vice  
Chairman



Robert Muzzlay  
2nd Vice  
Chairman



Thomas  
Eisenberger  
Treasurer



Nancy James  
Secretary



# BOARD OF DIRECTORS



**Jeffrey James**  
Chairman



**Joseph Robinson**  
1st Vice  
Chairman



**Robert Muzslay**  
2nd Vice  
Chairman  
(A)



**Thomas Eisenberger**  
Treasurer  
(A)



**Nancy James**  
Secretary



**Donald Baines**



**Bonnie Folgia**



**John Frazzette**



**Velma C. Hendricks**  
(A) (N)



**Carter LeBrocq**  
(A) (N)



**John C. Waddington**  
(N)

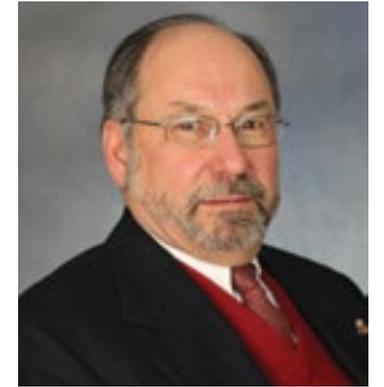
## Director Emeriti

John Becker  
Andy Pinckney  
Jack Rubinsohn

## Standing Committees

A: Asset/Liability Management  
N: Nominating

# TREASURER'S REPORT



**Thomas Eisenberger**  
Treasurer

As 2015 ended, the Federal Reserve raised its key short-term interest rate 25 basis points after almost seven years of near-zero rates. This marked the first increase since June of 2006, when the Federal Reserve increased the rate to 5.25%. While unemployment ended the year at 5.0%, the lowest since 2008, the Dow Jones Industrial Average and S&P 500 Index both posted losses for the year.

Merck Sharp & Dohme Federal Credit Union (MSDFCU) continued to grow, as Total Assets for the Credit Union increased \$8.9 million or 1.8% to a total of \$502.9 million. Net Income for the year was \$2.5 million, down \$0.2 million or 9.1% from 2014. The Net Worth-to-Asset Ratio, the primary measure of a credit union's financial strength, increased 33 basis points to 9.53% (Note: a 7% rate or higher indicates a "well capitalized" credit union). During 2015, Total Loans granted were down \$7.3 million from last year, primarily related to a decrease in automobile loans, down \$5.0 million, and home-related loans (first and second mortgages and HELOCs). Remember, 2014 was a banner year for auto loans. On the positive side, one of our newer products, business loans, increased by \$2.35 million. In addition, we were happy to open the new branch in Colledgeville/Trappe to better serve our members in this area.

From a regulatory perspective, MSDFCU continues to remain a sound financial institution, receiving favorable opinions from various examinations by the National Credit Union Administration (NCUA), the regulatory organization for credit unions, as well as our internal and external auditors.

Similar to last year, we enter 2016 with a lot of uncertainty in the world. What's going on in China? What direction will oil prices go? How many times will the Federal Reserve raise interest rates? And how will these impact investments? One thing you can count on – even with the latest increase in rates by the Federal Reserve, MSDFCU will be there for you, our members, fully prepared to handle all your financial needs with a broad spectrum of financial products including savings, checking, investment services and loans for autos, mortgages and businesses, all with competitive rates and excellent service.

We appreciate the trust you place in MSDFCU. The board of directors, management team and the entire staff look forward to providing you value while assisting you in meeting your financial objectives. It has been my privilege to serve as your treasurer.

Thomas Eisenberger  
Treasurer

# FINANCIAL STATEMENTS

Year Ending December 31, 2015, Unaudited

BALANCE SHEET	2015	2014
<b>ASSETS</b>		
Loans	\$238,473,359	\$239,111,606
Allowance for Loan Losses	(783,500)	(851,500)
Net Loans	237,689,859	238,260,106
Cash and Cash Equivalents	78,476,958	58,707,368
Deposits in Other Financial Institutions	2,500,000	2,500,000
Investments	167,336,524	179,926,101
Furniture and Fixtures	7,069,788	7,081,245
Other Assets	9,829,165	7,565,768
<b>Total Assets</b>	<b>\$502,902,294</b>	<b>\$494,040,588</b>
<b>LIABILITIES AND EQUITY</b>		
Shares	\$113,988,611	\$104,729,752
IRA Shares	13,810,481	13,134,294
Share Certificates	78,697,482	91,597,895
Money Markets	167,792,439	165,098,704
Share Drafts	72,970,974	64,932,148
Borrowings	5,000,000	5,000,000
Accounts Payable	2,352,381	2,908,543
Regular Reserves	3,825,775	3,825,775
Undivided Earnings	44,464,151	42,813,477
<b>Total Liabilities &amp; Equity</b>	<b>\$502,902,294</b>	<b>\$494,040,588</b>

STATEMENT OF INCOME	2015	2014
<b>INTEREST INCOME</b>		
Income from Loans	\$9,410,454	\$9,356,825
Investment Income	3,725,404	4,284,821
<b>Total Interest Income</b>	<b>\$13,135,858</b>	<b>\$13,641,646</b>
<b>INTEREST EXPENSE</b>		
Net Interest Income	\$11,437,014	\$11,615,619
<b>PROVISION FOR LOAN LOSSES</b>		
Net Interest Income After Provision for Loan Losses	\$11,072,114	\$11,090,073
<b>NON-INTEREST INCOME</b>		
Service Charges and Fees	\$1,253,422	\$1,279,340
Other Non-Interest Income	1,711,837	1,790,667
Net Gain on Sale of Securities	210,592	-
Net Gain on Sale of Loans	146,525	182,458
<b>Total Non-Interest Income</b>	<b>\$3,322,376</b>	<b>\$3,252,465</b>
<b>NON-INTEREST EXPENSE</b>		
Employee Compensation and Benefits	\$6,043,498	\$5,786,730
Office Occupancy and Operations	1,890,052	1,745,331
Share Insurance Premium	-	-
Other Operating Expenses	3,985,042	4,087,313
<b>Total Non-Interest Expense</b>	<b>\$11,918,592</b>	<b>\$11,619,374</b>
<b>Net Income</b>	<b>\$2,475,898</b>	<b>\$2,723,164</b>

# CEO'S REPORT

The credit union industry was founded on the principle of people helping people. You can experience that principle in action with every interaction you have with the Credit Union, as we strive to provide you with fantastic service. And, not as obvious to all but always working hard in background are the members of our Board of Directors and Supervisory Committee. These individuals are dedicated volunteers who do not receive or desire compensation for their tireless efforts in guiding this organization to be its best.

Sadly, this fall we lost one of our most active board members with the passing of Drew McPherson. Having worked very closely with Drew over the years, I found him to be a great man who always challenged us to improve on our service and products. He held the interest of the membership with the highest regard. Drew will definitely be missed but not forgotten.

This year also marked the retirement of two board members, the Reverend Dr. Marjorie Duncan Reed and Michael Gordon. Marjorie served as a volunteer for 20 years, held the position of chairperson for three years and played important roles in all committees. Marjorie always called MSDFCU "her Credit Union" and was continually encouraging people to join. She took personal pride in witnessing our growth during her tenure. She was always stressing the importance of diversity for MSDFCU in all its aspects, from finding the best employees to choosing the best products and services to offer. She kept management on its toes! Marjorie, you also will be missed but not forgotten.

Michael Gordon began volunteering on the Supervisory Committee in 2009, and shortly after in 2011, he was elected to the board of directors. As a younger board member, he always challenged us to provide up-to-date electronic services to our membership, broaden our reach to the millennial and generation X populations while also benefitting all members. His analytical mind and down-to-earth demeanor always kept us forward thinking.

Thank you, Marjorie and Michael, for your dedication to making this Credit Union successful.

Our data system upgrade is planned for late April 2016. The staff has been very excited, knowing this upgrade will greatly improve their abilities to serve you quickly and accurately. The Online Banking and Bill Pay modules will be vastly improved as we make exciting changes to our electronic services. We will be working diligently to ensure a smooth transition.

As always, it has been my pleasure to serve you over this past year. I'm excited - *To be your financial partner for life, one memorable experience at a time!*



David B. Whitehead  
CEO



David B. Whitehead  
CEO



Dr. Marjorie Duncan Reed  
Board Member 1997-2015



Michael Gordon  
Board Member 2009-2015

# ANALYSIS OF LOANS GRANTED

Year Ending December 31, 2015

PURPOSE OF LOAN	NUMBER	TOTAL AMOUNT (IN THOUSANDS)
New Automobiles	177	\$4,815
Used Automobiles	544	9,424
Home Equity Lines	234	9,993
Second Mortgages (fixed)	211	12,921
Personal Loans	515	6,076
Other Secured	5	52
Overdraft Lines	94	129
First Mortgages	78	17,253
Student Loans	50	1,597
Business Loans	25	3,081
Credit Cards	366	2,547
<b>Total</b>	<b>2,299</b>	<b>\$67,888</b>

# FINANCIAL TRENDS



# SUPERVISORY COMMITTEE'S REPORT

Merck Sharp & Dohme Federal Credit Union (MSDFCU) continued to provide value for our members and stakeholders throughout 2015. Audits were conducted on schedule by the National Credit Union Administration (NCUA), Accume Partners® and CliftonLarsonAllen LLP, and all audits found MSDFCU to be a financially sound entity providing great value to members and stakeholders.

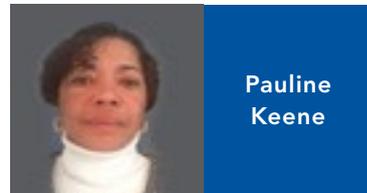
**CliftonLarsonAllen LLP** completed the audit of the Credit Union's financial statements; **Accume Partners** assessed our internal processes and systems. This year, there was a focus on ensuring that the security of MSDFCU systems met current standards in an era where data and personal security is vital. The **NCUA** also examined the Credit Union to ensure the institution was operating within the regulations and charter of federal credit unions. The results of these audits showed no major issues or concerns in the way MSDFCU is being managed and operated. Additionally, MSDFCU is in the middle of a significant system upgrade that will greatly benefit the members. MSDFCU continues to meet financial, operational, compliance and federal rules and regulations.

The Supervisory Committee continues its role as an independent, objective body ensuring the Credit Union meets its financial reporting objectives and has processes and procedures in place to safeguard member assets. We remain confident MSDFCU is prepared to meet current and future regulatory requirements.

The Supervisory Committee is also charged with and continues to respond to issues, comments and suggestions from Credit Union members and addresses these with the board of directors and management team when appropriate to continue to meet the needs of our members.

Our members remain our most valuable stakeholder. Your suggestions for improvements regarding the operations of your Credit Union are always welcomed by the Supervisory Committee and will receive our prompt and confidential response. These can be submitted via the MSDFCU website or by sending an email directly to the secure email address [supervisorycommittee@msdfcu.org](mailto:supervisorycommittee@msdfcu.org). You may also contact any member of the Supervisory Committee directly.

The committee thanks the Credit Union staff, management team and board of directors for their consistent high-quality work and excellent cooperation, collaboration and leadership throughout 2015. We also thank the membership for their confidence in and continued support of MSDFCU. The Supervisory Committee will continue to be a strong advocate for the members and the Credit Union in 2016.



Donald Baines  
Supervisory Committee  
Chairman

# HONORING A DEDICATED VOLUNTEER



W. Andrew McPherson

In 2015, the Credit Union family lost one of our most passionate supporters – W. Andrew McPherson. Drew served on the board of MSDFCU for 37 years and as chairman for over 10 years as the Credit Union experienced significant expansion and growth, higher and broader levels of member service, and increased financial strength. He was a mentor for many current and past board members and a valuable asset to the Credit Union. Drew was a true advocate for member excellence in service and expressed a genuine concern for staff and volunteer welfare.

He was the consummate leader who emphasized the importance of education and community service through his own countless hours of selfless service. Not only benefiting the Credit Union, but also the Doylestown Fire Police and Doylestown Zoning Hearing Board as well.

His dedication to the membership and Credit Union philosophy will be missed but not forgotten. Drew was an inspiration to us all. We were privileged to have had the opportunity to know Drew and extremely proud of all that he helped us accomplish for the Credit Union and its membership.



# RAYMOND O. HOFFMAN MEMORIAL



**Calvin Chan**

Calvin is a senior at Upper Dublin High School. His passion for volunteer and community

service is demonstrated through his involvement in numerous organizations, both in and out of school. He is the vice president of Catalyst for Success, a program that encourages a love for science among elementary school students. Calvin also spearheaded Operation Christmas Child at his church, donating gifts to Samaritan's Purse and bringing smiles to people around the world. His community efforts also include being an eight-year member and co-president of the Book Bridge Club, a group that performs music ensembles for the elderly and raises funds to provide school supplies for underprivileged children in China. Calvin received the Gold and Platinum Awards for excellence and leadership in local community service from the Book Bridge Club. He also finds the time to volunteer at the University of Pennsylvania Hospital, assisting the nursing staff. Calvin's favorite Bible verse is – "It is more blessed to give than to receive."



**Morena Paula Koorie**

Morena is a senior at Moravian Academy. Her drive for

community service began in middle school as a volunteer for the Special Olympics hosted by the Easton Area School District. In her junior year at high school, Morena founded the Moravian Angels, a club that works with established disability programs in the area. Her goal is to bring the members of the Moravian Angels to volunteer at the Penn State University Special Olympics. She has also been recognized as one of the top volunteers for the Miracle League of Northampton County. At school, Morena raised money for the Miracle League through a dress-down day and by selling bracelets with the inscription "because everybody needs a buddy." As president of her church group, Morena recruited volunteers for the Liberty High School Special Olympics Swimming programs. Morena hopes her dedication to helping those in need inspires others to do the same.



**Phoebe Li**

Phoebe is a senior at Summit High School. As a certified New Jersey EMT and member of the

Summit Volunteer First Aid Squad, Phoebe finds that being an EMT is a very rewarding way to serve her community. Her ability to speak several languages has been an asset to the first responders, as she can translate the patients' conditions so they can receive proper care. Phoebe volunteers at the Overlook Medical Center on weekends as a Messenger, discharging patients, retrieving medical supplies, delivering items to the laboratory and performing other functions that relieve a very busy nursing staff. The staff and physicians state that Phoebe is adept at dealing with conflicting needs and able to balance patient safety and comfort. In addition, Phoebe is a volunteer at Achieve Tutoring at Columbia, helping high school students achieve their full potential. She is active in organizing charitable fundraising events for the Hilltop String Quartet, enabling them to provide ensembles for philanthropic efforts. Phoebe says these efforts have been the most enriching times of her life.

# AWARD RECIPIENTS



**Christine Ruffin**

Christine is a senior at Hatboro Horsham High School. She has given

countless volunteer hours to numerous organizations during her high school years. Christine is very proud of volunteering for the last four years at Special Equestrians. She has seen firsthand the resiliency, determination and drive to overcome adversity the students have, further fueling her passion to help them. For her supportive, enthusiastic and patient nature, the Special Equestrians organizers have awarded Christine their top volunteer award – the coveted Gold Badge. At Bethlehem Baptist Church, she was a member of the "Gifted to Serve" ministry, which worked with the Chosen 300 Ministry in Philadelphia to feed the less fortunate. Other volunteer efforts include being a freshman mentor at the high school, visiting elementary schools to provide educational encouragement, coordinating Breakfast with Santa through the Future Business Leaders of America Club, and holiday gift wrapping with the Interact Club to raise money to support community service efforts. Christine believes the joy she receives from serving and helping outweighs the benefits of a paycheck.



**Laura Styer**

Laura is a senior at Perkiomen Valley High School. Her first experience with community

service was as a Daisy Girl Scout, helping plant a garden for a library. It was the start of many years of community service for Laura, where she learned that volunteering was a fun thing to do with friends and a positive attitude. Her efforts continued as president of her school's Rotary Interact Club, where she encouraged the eight-member club to donate food and clothes and serve food at local food pantries. Laura was a founding member of her high school's Martin Luther King, Jr. Day of Service initiative, developing procedures for the student volunteer projects. Laura repeatedly volunteered at the Perkiomen Watershed Conservancy as a Summer Science Academy Assistant, instructing students from ages 5 to 13 on environmental issues. She is still an active member of the Girl Scouts, pursuing her Gold Star Award, and is excited to continue her community service for the rest of her life.



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(215) 996-3700 | [www.msdfcu.org](http://www.msdfcu.org)



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