



*Our most important  
Partner is you.*

**Partnership Financial Credit Union  
61st Annual Meeting**

**Wednesday, February 27, 2019**



## Chairperson's Report

2018 was another outstanding year for Partnership Financial Credit Union (PFCU), displayed by growth in Assets, Loans and Equity; ending the year with a 10.49% Equity Ratio compared to 9.81% in 2017. We continue to serve our evolving membership with friendly, personal service while offering a wide range of products designed to meet your financial goals.

Besides all that comes with the day-to-day management of a credit union, much of this year was devoted to the development and move of our new Des Plaines office. The Des Plaines office opened at 58 E. Northwest Highway on December 17th, 2018. This new facility provides a much larger, open, friendlier environment in which to serve our members. At the new Des Plaines office we now offer safe deposit boxes, a drive thru, an ATM, in addition to the services all our other offices offer. The members who utilize this office are very happy and enthusiastic about its new location and upgraded space.

Look for more information on the Grand Opening of our Des Plaines Office, which will take place in the spring, in upcoming publications such as our quarterly newsletter, Constant Contact Emails and website ([www.mypfcu.org](http://www.mypfcu.org)).

The PFCU Board of Directors continues to volunteer countless hours to the well being of our credit union, and I would like to recognize them for a job well done. Sadly, PFCU lost two outstanding board members in 2018– Pam Dorband and Roberta Liligren.

Pam served this credit union for 20 years and held many positions on the board and on various committees. Pam was 100% dedicated to the success of PFCU. She was always willing to do whatever it took to help achieve our goals and provide our members with the best products and services. Her dedication, enthusiasm and passion for PFCU and the staff are deeply missed.

Roberta served on the board for 20 years as well and also held many positions and served on several committees during her tenure. Roberta was a very kind and gentle soul. She always displayed a very positive attitude and always wanted to do the very best for PFCU, the members, the board and the employees. She was a joy to work with, always bringing a bit of humor to the meetings. She, too, is deeply missed.

In 2019, we will continue our search for a new home for our Kenilworth office. Currently the building is under contract and the sale is expected to go through in the first quarter 2019. We are seeking space that will not only provide a more open, friendlier environment, but also provide our members and staff with better parking capabilities.

In addition, we will be upgrading our data processing system in order to provide our members with a more streamlined way of utilizing the many products and services we offer, especially our electronic services such as, Bill Pay, Mobile Deposits, and Online Banking, just to name a few.

None of this would have been possible without the hard work and dedication of our amazing staff, we appreciate everything they do to make PFCU a stronger and more secure credit union!

In closing and on behalf of the Board and Staff of PFCU, I would like to thank you for your trust and support.

Respectfully submitted,  
**Walter John**  
Chair



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## Supervisory Committee Report

*In accordance with the Illinois Credit Union Act and Partnership Financial Credit Union's bylaws, the Supervisory Committee exercises its independent credit union oversight through the engagement of external auditors.*

*The Supervisory Committee retained the services of Wipfli LLP to perform the 2018 Independent Annual Audit. The purpose of this audit is to obtain an Auditor's opinion of PFCU's financial statements and to confirm that Partnership Financial Credit Union conforms to U.S. Generally Accepted Accounting Principles (GAAP) and meets the requirements of the Department of Financial and Professional Regulation, State of Illinois (IDFPR) and National Credit Union Administration (NCUA.) In addition, the auditors perform a verification of member accounts as well as a review of the performance of credit union officials and employees. The results of this audit were presented to the board in May, 2018 the results indicated that PFCU is operating in a financially sound manner and is in compliance with all applicable rules and regulations.*

*In addition, the Supervisory Committee hired an independent Certified Compliance Officer to perform quarterly internal control audits of the credit union's operations and provide an independent check of the credit union's risk management. The results of these audits are reported quarterly to the Board and any recommendations for operational improvements were implemented.*

*The committee fulfilled these audit responsibilities during 2018 as part of our commitment to our members that Partnership Financial Credit Union always strives to serve their best interests.*

*I would like to thank the committee members, Len Ackman, Howard Bultinck, Jim Cory and the late Roberta Liljegren for their time and efforts through the year serving on the Supervisory Committee. In addition, the committee would like to express its appreciation to the management team and staff of PFCU.*

*Lastly, and, sadly PFCU experienced a great loss in June with the passing of Roberta Liljegren. Roberta had served the credit union faithfully and with both passion and compassion for 20 years. Roberta's bright light will be sorely missed, and we are all the better for having known and served with Roberta.*

*Respectfully submitted,*  
**Michael Graham**  
**Supervisory Committee Chair**

## Executive Finance Committee Report

*Reviewing 2018 at Partnership Financial Credit Union (PFCU), I am pleased to report a year of Equity growth.*

*During the year, loans to outstanding members grew approximately \$11.4 million or over 16.3%. As treasurer, I can assure you that the main goal of PFCU is to provide a variety of loan products that meet our members' needs. However, funds that are not utilized in this manner are invested in Corporate Credit Unions, Certificates of Deposit, U.S. Government Securities, Annuity Investments, Municipal Bonds and Bank notes. We are pleased to report that our increase in loans outpaced our increase in shares so that loan to share ratio increased to approximately 52% compared to 44% in 2017.*

*In 2018, PFCU established a Charitable Account Investment which provides a slightly higher rate of return and allows PFCU to give back to the communities we serve. I am proud to report that from this investment, PFCU will donate 51% of the income we received to various 501C(3) charities.*

*As a result of the significant growth PFCU experienced during 2018, the credit union's equity increased just above 10.49%, which is considered well capitalized by the IDFPR (Illinois Department of Financial and Professional Regulations) and the NCUA (National Credit Union Association). PFCU continues to strive to offer the most competitive products and services to our members while maintaining our financial stability.*

*I congratulate the Directors, Committee Members and Staff for all their hard work in 2018, and I look forward to a prosperous 2019 that financially benefits our members.*

*Respectfully submitted,*  
**Steve Underwood**  
Treasurer

## Scholarship Committee Report

*In 2018, PFCU was again able to offer a scholarship program to graduating high school seniors who are members of PFCU or have a parent or guardian that is a PFCU member. The scholarship was founded in 2000, and since its beginning, over \$125,000 has been awarded to 76 graduating high school seniors. In 2018, a total of 18 applications were received and eight scholarships were awarded in the amount of \$3,000 each, to an outstanding group of individuals. This year, PFCU and its Board of Directors put forth \$30,000 in scholarship dollars, awarding up to \$3,000 to each eligible scholarship recipient. We are looking for students that show four key traits; Passion, Focus, Charity and Uniqueness. All applications are due by Friday, March 15th, 2019. The winner will be announced in May.*

*Respectfully submitted,*  
**Vanessa Calloway**  
Scholarship Committee Chair



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## Lending Report

*Partnership Financial Credit Union (PFCU) is once again pleased to announce that 2018 was another year of growth in our loan department. PFCU was able to add an additional \$11.4 million to our Loan Portfolio bringing our total Loan Portfolio to just over \$81.4 million. This represents a 16.3% increase over the previous year. We continue to offer our members new and expanded programs. Lending money to you, our member, is one of our primary missions. The variety of loan products that PFCU offers includes: First Mortgage Loans, Home Equity Loans, Vehicle Loans, Consumer Loans, Educational/Student Loans, Holiday Loans, Vacation Loans, Share Secured Loans, Visa Credit Cards and Member Business Loans. Please consider PFCU for your future loan needs and recommend us to your relatives and colleagues. We offer competitive loan products and rates, and we serve the needs of our membership. We are confident that our personal service is second to none throughout the financial industry.*

*PFCU's in-house First Mortgage Loan Program continues to meet the mortgage needs of our members including current homeowners and new homebuyers. In 2018, we provided 71 first mortgage loans for an approximate total of \$16.2 million. Although national figures did show that the housing market fell sharply with existing home sales decreasing to a three-year low, PFCU maintained a slight increase in mortgage loans over the previous year. As interest rates have increased slightly the current interest rate environment remains very affordable. As we look forward to 2019, PFCU is excited to announce we now offer our members that are first-time homebuyers (or have not owned a home in the last three years) a forgivable grant of up to 6% of the loan amount or \$24,000 (whichever is less). This program is available to members seeking to purchase a home in Cook County outside of the City of Chicago. We are also currently working to obtain approval for a similar program that will include the City of Chicago. "Stay Tuned!" We hope our members will continue to utilize PFCU for their first mortgage needs.*

*For those members who currently own their homes, we offer a very competitive Home Equity Loan program. Members can take advantage of interest rates as low as 2.99%. The rate of 2.99% is effective through June 30, 2019! With the current tax benefits still available (please consult your tax advisor), our members are able to use the funds for home improvements, education, travel and even reinvestment in a vacation home.*

*Our student loan program continues to be a loan product that meets the needs of our members who are seeking to cover the gap in the cost to attend higher education universities and the funds that are made available to them through Government subsidized programs. We offer competitive rates and finance options that will allow our members and their families to pursue their educational dreams. PFCU offers two student loan programs; a student loan program to undergraduates that covers the cost of attendance at an accredited university and a Loan Consolidation/Refinance program that will afford our members the ability to consolidate/refinance multiple loans into one loan with one payment. These programs offer a variety of repayment terms from five to twenty five years with affordable fixed or adjustable rates. PFCU continues to offer an in-house, short-term student loan for our members' additional educational financing needs.*

*We encourage you to contact any one of our offices with any loan questions or lending needs you may have. As is always the case, PFCU is committed to responsible lending practices that protect our members' assets.*

*I would like to thank the Board of Directors and the Staff of PFCU for their continued support, direction and hard work in helping us achieve the growth that we have accomplished.*

*Respectfully submitted,*  
**Theresa M. Guerriero**  
**EVP Lending**

## **Benefits of Membership**

### **Accounts**

- Savings
- High Yield Savings
- Checking
- Kids
- Holiday
- Vacation
- Banzai
- IRA's
- CD's

### **Loans / Credit Cards**

- 1<sup>st</sup> Mortgages
- Home Equity
- VISA Credit Cards
- Vehicle
- Personal
- Student
- Business
- Down Payment Assistance Program

### **Electronic Services**

- ATM/Debit Cards
- Virtual Branch– 24/7 Online Account Access
- Bill Pay
- E-Statements
- Mobile App
- Apple Pay
- Remote Deposit Capture
- 24/7 Telephone Access
- Direct Deposit

### **Additional Products and Services**

- College Scholarship Program – For Graduating High School Seniors
- Drive Thru – Morton Grove Office & Des Plaines Office
- Night Depository – Des Plaines, Kenilworth & Morton Grove Offices
- Safe Deposit Boxes – Des Plaines Office
- Fee-free Services
  - Coin Counting
  - U.S. Postage Stamps
  - U.S. Savings Bond Redemption
  - Medallion Stamp Signature Guarantee
  - Signature Validation
  - Notary Service
  - Fax Service
- Services With Fees
  - VISA Gift Cards
  - VISA Travel Cards
  - Vehicle License Plate Sticker Renewal Program
  - Wire Transfers
- Discounted Services
  - Movie Tickets
  - Six Flags Great America Tickets
  - Santa's Village Amusement Park Tickets

## Financial Statements

### Balance Sheet

	12/31/2018	12/31/2017	% Growth
<b>Assets</b>			
Vehicle Loans	\$18,215,912	\$15,581,571	
Culs Loans	\$3,573,802	-	
Consumer Loans	\$3,711,657	\$3,839,626	
Student Loans	\$260,042	\$164,387	
Visa Credit Card Loans	\$3,309,729	\$3,187,318	
Home Equity Loans	\$16,812,645	\$16,607,808	
First Mortgages	\$34,343,180	\$29,656,520	
Business Loans	\$1,215,989	\$981,340	
Reserve for Loan Losses	(\$562,066)	(\$629,349)	
<b>Net Loans</b>	<b>\$80,880,890</b>	<b>\$69,389,221</b>	<b>16.6%</b>
Cash	\$1,979,773	\$2,370,753	
Investments	\$86,563,349	\$100,320,765	
NCUA Share Insurance Deposit	\$1,601,738	\$1,591,160	
CU Building & Land	\$4,248,104	\$3,394,210	
Other Assets	\$2,522,603	\$1,198,582	
<b>Total Assets</b>	<b><u>\$177,796,457</u></b>	<b><u>\$178,264,691</u></b>	<b><u>&lt;0.03%&gt;</u></b>
<b>Liabilities</b>			
Other Liabilities	\$1,449,708	\$1,113,455	
<b>Shares</b>			
Regular Shares	\$117,760,218	\$121,719,400	
High Yield	\$1,567,488	-	
Certificates of Deposit	\$9,967,002	\$9,793,030	
Checking Accounts	\$24,926,486	\$24,650,077	
Kids Accounts	\$1,102,516	\$971,749	
Holiday Accounts	\$50,221	\$46,301	
Vacation Accounts	\$399,681	\$167,481	
IRA Accounts	\$2,192,090	\$2,358,934	
<b>Total Shares</b>	<b>\$157,965,702</b>	<b>\$159,706,972</b>	<b>&lt;1.0%&gt;</b>
<b>Equity</b>			
	<b>\$17,223,363</b>	<b>\$16,724,288</b>	
<b>Net Gain</b>	<b>\$1,157,684</b>	<b>\$719,976</b>	<b>60.8%</b>
<b>Total Shares and Equity</b>	<b><u>\$177,796,457</u></b>	<b><u>\$178,264,691</u></b>	<b><u>0.03%</u></b>
	<b>10.49%</b>	<b>9.81%</b>	

## Income Statement

	2018	2017	% Growth
<b>Income</b>			
Interest on Consumer Loans	\$1,176,985	\$1,030,692	
Interest on Real Estate Loans	\$1,927,731	\$1,787,882	
<b>Total Interest on Loans</b>	<b>\$3,104,716</b>	<b>\$2,818,574</b>	
Earnings on Investments & Cash	\$1,878,498	\$1,325,396	
Fee & Other Income	\$917,103	\$683,178	
<b>Total Operating Income</b>	<b>\$5,900,317</b>	<b>\$4,964,616</b>	<b>18.8%</b>
<b>Expenses</b>			
Employee Salaries & Benefits	\$2,402,692	\$2,160,842	
Conference & Travel	\$25,764	\$20,833	
Checking, ATM, Debit Expense	\$653,889	\$672,610	
Office Operations	\$602,054	\$491,917	
Total Promotional Expense	\$133,650	\$105,450	
Depreciation Expense	\$143,871	\$134,561	
Loan Processing & Servicing	\$178,307	\$126,852	
Provision For Loan Losses	\$52,000	0	
Insurance	\$73,369	\$63,721	
Occupancy Expenses	\$172,941	\$144,378	
<b>Total Operating Expense</b>	<b>\$4,438,537</b>	<b>\$3,921,164</b>	<b>13.2%</b>
<b>Income From Operations</b>	<b>\$1,461,780</b>	<b>\$1,043,452</b>	
<b>Total Dividend Expense</b>	<b>\$280,877</b>	<b>\$268,698</b>	<b>4.5%</b>
<b>Net Income</b>	<b>\$1,180,903</b>	<b>\$774,754</b>	<b>52.4%</b>
CDI / Investment Discount Amortization	\$23,218	\$54,778	
<b>Net Income</b>	<b><u>\$1,157,685</u></b>	<b><u>\$719,976</u></b>	<b><u>60.8%</u></b>



## Directors Years Served

	Cardinal Year	Years of Service
Walter John	1967-1968/1974-2014, 41	42
Len Ackman	1987	32
James Cory	1989	30
Katherine France	1997	22
Michael Graham	1998	21
Roberta Liljegren	1998	21
William Holmes	1989-2006/2016	20
Pam Dorband	1999-2014/2018	16
Steven Underwood	2005	14
Vanessa Calloway	2008	11

## Committee Members Years Served

	As Director	As Committee Member
Howard Bultinck	1994-2014, 20	4
Pam Dorband	1994-2014/2018	4

## PFCU Committee Members

### Executive Committee

Chair	Walter John
Vice Chair	Katherine France
Secretary	William Holmes
Treasurer	Steve Underwood

### Supervisory Committee

Chair	Michael Graham
Member	Howard Bultinck
Member	Len Ackman
Member	Pam Dorband

### Scholarship Committee

Chair	Vanessa Calloway
Member	Michael Graham
Member	William Holmes
Member	Steve Underwood

### Governance Committee

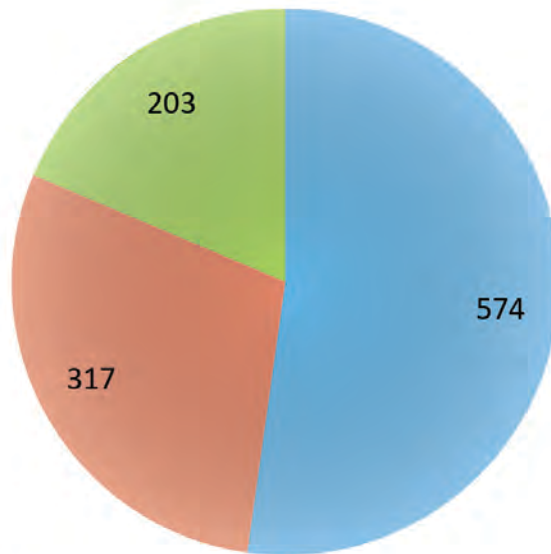
Chair	Katherine France
Member	Pam Dorband
Member	Len Ackman
Member	Vanessa Calloway
Member	Steve Underwood

## Membership Committee Report

<b>Membership Account Totals</b>	<b>2018</b>
# of Members	13,212
# of Savings Accounts	12,471
# of Checking Accounts	5,064

<b>Alternate Membership Account Totals</b>	<b>2018</b>
# of Kid's Accounts	459
# of CD Accounts	351
# of Holiday Accounts	138
# of IRA Savings & CD Accounts	121
# of Secondary Share	186
# of Summer Payroll Savings	25
# of High Yield Savings	20
<b>PFCU Total Accounts</b>	<b>18,785</b>

### PFCU Accounts 2018



■ New Shares ■ New Checking ■ New Alternate

**Partnership Financial Credit Union  
2019 Board of Directors  
Nominating Committee Proposed Slate**

**SLATE of DIRECTOR TO BE ELECTED FOR 2 YEAR TERM**

**Katherine France**

**SLATE of DIRECTORS TO BE ELECTED FOR 3 YEAR TERM**

**Michael Graham**

**Bill Porter**

**Patrick Flader**

**Continuing Terms**

**1 YEAR REMAINING OF 3 YEAR TERM**

**Vanessa Calloway**

**William Holmes**

**Steven Underwood**

**2 YEARS REMAINING OF A 3 YEAR TERM**

**Len Ackman**

**Walter John**