

**Partnership Financial Credit Union**  
**65<sup>TH</sup> Annual Meeting**

**Thursday, February 23, 2023**





## Chair Report

*After two years of unforeseen challenges for our membership and for the world, I am happy to report that your Partnership Financial Credit Union (PFCU) continues to be financially stable and growing. As we transition to a “new normal”, we continue to make every effort to provide our members with outstanding personal service while offering a wide range of access to your accounts as well as products and services to meet your financial needs.*

*PFCU’s priority is to offer member service based on your preference and comfort level. We maintained seven offices for in person member service, which also allowed us to keep our staff in place. Our drive-thru lanes at the Des Plaines, Franklin Park, and Morton Grove offices have seen increased activity. Likewise, our additional hours of operation on Saturdays from 8:30AM to 12:30PM at the Franklin Park and Morton Grove offices have increasingly benefitted our members.*

*We offer a full suite of online and remote services, which provides account access 24-hour, seven days a week. In June, we added an online Chat feature available on both our website and on our online access. In the fall, we upgraded our Online Banking and App, which added more customizable features and improved the online security. New this year on the app is the multiple sign-on factors for your initial sign on. We are happy to report that our members embraced our Online Account Access, mobile app with 24-hour access with remote check deposit, telephone teller, and text alerts.*

*With the rise in interest rates, our mortgage department saw a reduction of refinancing, but new home purchases continued at a steady pace. Our auto refinance program proved to be very popular with our members in 2022. We hope that with our current suite of loan products that we can meet your lending needs. To further enhance our Visa credit card security, we added multiple methods of transaction alerts, such as texts and email, which provides greater control to our members and assists in reducing fraud.*

*We are excited to announce that in the fourth quarter of 2022, we began providing a Financial Wellness Program which offers members monthly financial seminars, videos, articles, and educational webinars. We feel this is a beneficial program to offer to our membership and to further enhance our relationship with members, PFCU younger members, and those from Triton college.*

*PFCU continues to strive to enhance our community and member involvement through both our charitable and scholarship programs. Annually, since 2000, our scholarship program provides up to \$3,000 scholarships to graduating seniors to the school or trade of their choice. Since 2018, our staff has annually participated in CU Kind Day, which is a statewide day giving and promoting charity and volunteerism. This year, on September 3<sup>rd</sup>, our team organized and bagged a collection of supplies for those in need and donated to the “Connection for the Homeless” located in Evanston.*



*We are especially fortunate to have the ability to donate to local foundations and charities in our communities through a special investment available only to credit unions. This program is for 501(c)3 organizations only. Since then, PFCU has donated approximately \$30,000 per year. We encourage our members that are associated with qualified organizations to apply for these funds via our website.*

*The Board is grateful beyond measure to Mary Ann Pusateri for her outstanding leadership as our CEO. We are pleased that, again, PFCU had another solid year, and we are fortunate to have been guided by her strength, vision, and 34 years of leadership experience.*

*The Board is also grateful for the outstanding leadership of our Chief Lending Officer, Theresa Guerriero, and our Chief Operations and Strategy Officer, Marisa Conforti, along with their outstanding staff who have gone above and beyond this past year to serve our members. Our team has been incredible dealing with all the changes, pivots, and shifts that are now the “new normal”. They have all continued to provide outstanding member service, keeping the needs of our members a primary concern.*

*Respectfully submitted,*

*Steven Underwood, Board Chair*



## Supervisory 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 and internal auditors.*

*The Supervisory Committee has retained the services of Wipfli LLP to perform the annual audit as of December 31, 2021. The purpose of this required audit is to obtain an auditor's opinion of PFCU's financial statements and to confirm that PFCU conforms to U.S. Generally Accepted Accounting Principles (GAAP) as well as 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 April 2022. The results indicated that PFCU is operating in a financially-sound manner and in compliance with all applicable rules and regulations.*

*The committee also engaged the Illinois Credit Union League (ICUL), an association for credit unions, to perform the Bank Secrecy Act (BSA) audit, which was last done in 2021, and our annual Safe Act audit. As well, the ICUL performed a series of quarterly independent internal audits within the departments of Accounting, Lending, Operations, and Information Technology. Lastly, the committee contracted an independent auditor to perform the Automatic Clearing House (ACH) audit. Lastly, as a member of the Federal Home Loan Bank, we are involved in their Mortgage Partnership Finance Program, which audits us annually. This fulfills all 2022 audit responsibilities, as part of PFCU's commitment to our members to adhere to financial regulations as required.*

*I would like to thank the committee members, Howard Bultinck, Katherine France, and Walter John 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.*

*Respectfully submitted,*

*Michael Graham, Supervisory Committee Chair*



## Executive Finance Report

*As treasurer, I can assure you that the main goal of PFCU is to provide a variety of financial and loan products that meet our members' needs. Funds that are not utilized for member loans or product enhancements are invested in Corporate Credit Unions, Certificates of Deposit, U.S. Government Securities, Annuity Investments, Municipal Bonds and Bank Notes.*

*Based upon my review, I am pleased to report that, in 2022, PFCU had a moderate growth in assets and a strong year for growth in loans to our members at PFCU.*

*During the year, our assets grew \$3.250 million or approximately 1% and our loans to our members grew approximately \$17 million or just under 14%.*

*To enhance PFCU's earnings, we have contracted with an independent Investment and Asset Liability Management firm, McQueen Financial Advisors, to provide investment options and to perform an analysis of the credit union's asset liability risk management. Quarterly reports are presented to the Board, ensuring that PFCU is managing financial and operational risks.*

*In 2022, PFCU's Investment Portfolio earned approximately \$3.7 million, which is an approximate annual yield of 1.95%; whereas our Loan Portfolio earned approximately \$5.1 million with an approximate annual yield of 4.35%.*

*As a result of the stable growth PFCU experienced during 2022, the credit union's Equity Ratio grew to 10.50%, which is considered well capitalized by the IDFPR (Illinois Department of Financial and Professional Regulations) and the NCUA (National Credit Union Association). PFCU strives to continue offering 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 2022 and I look forward to a prosperous 2023 that financially benefits our members.*

*Respectfully submitted,*

*Bill Porter, Treasurer*



## Scholarship Report

*PFCU's scholarship program, The Rising Star Scholarship, was established in the year 2000. Since its inception, more than \$248,000 has been awarded to graduating high school seniors. One of the criteria for the recipients is that they or their parent/guardian be a member of PFCU at the beginning of the applicant's senior school year. Applicants must exhibit four key traits: **Passion, Focus, Charity, and Uniqueness** in their educational journey.*

*Applications are made available every year in early January until mid-March with the evaluation process completed by mid-April. Each applicant is notified individually with congratulations or regrets in May. A press release was issued in May congratulating the recipients and wishing them success in their future endeavors, whether it be continuing education in a four year or community college, trade school, vocational or life skills program. A presentation of the scholarships is made at the high school annual award ceremonies for seniors when this opportunity is available. Due to the pandemic, the high schools in-person presentations have been limited. PFCU also congratulated our scholarship recipients via our social media efforts and by posting a montage of photos on our website. Applicants that are not awarded a scholarship did not go unacknowledged. PFCU presented a college swag bag to recognize their achievements and thanked them for applying.*

*In 2022, a total of 33 applications were received and 27 scholarships totaling \$33,000 were awarded to an outstanding group of individuals in increments ranging from \$500 to \$3,000. The committee was thoroughly impressed with all the applicants, making it a difficult decision to select the final recipients. We have seen an increase in applications and would like to support as many students as possible. Therefore, the PFCU Board has approved increasing the 2023 Scholarship Fund to \$40,000. Our vision for the future is to support many more deserving students as we foresee continued increase in applications in the coming years.*

*In closing, I'd like to thank the members of the Scholarship Committee: Patrick Flader, Michael Graham and Mike Vilches for their commitment to the selection process.*

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



## Lending Report

*Partnership Financial Credit Union (PFCU) is pleased to announce that in 2022 PFCU provided 1016 loans to our members totaling to over \$45 million. With inflation being at the highest numbers in almost 20 years, PFCU continues to help our members save money. Whether by offering Balance Transfers from high interest rate credit cards or by offering to refinance the member's current vehicle loan with an interest rate reduction, PFCU remains committed to offering our members products that best meet their financial needs.*

*We are excited to announce that our members transferred over \$1 million in high interest rate credit card balances to their PFCU low-rate credit cards at 0% for 6 billing cycles. This represented an estimated savings to our members of over \$100 thousand in interest charges.*

*Additional savings to our members in 2022 were had by refinancing their current vehicle loans and reducing their interest rate by up to 1.50% below their initial rate. PFCU refinanced over \$4.6 million in vehicle loans, which represented a savings of over \$190 thousand for members.*

*Our Home Equity Line of Credit special, which offers members a promotional rate of 2.99% for 12 months, continues to be a popular program. The program provides the members access to a line of credit to be used at their discretion. In 2022, PFCU provided our members with access to over \$7.4 million in Home Equity Lines.*

*We are pleased that our in-house First Mortgage Loan Program continues to make strides in offering our members loans for both purchase and refinance transactions. As interest rates increased rapidly in 2022, our mortgage department did see a decline in loan applications. However, we are happy to report that the request for purchase pre-approvals increased over the last quarter of 2022. We anticipate the market to stabilize, and PFCU will continue to provide our members with mortgage loan services and programs to best meet their financial needs. This includes a Down Payment Assistance program that awards a grant of up to \$10 thousand to members that meet eligibility criteria.*

*Several promotional programs are offered and advertised throughout the year to help our members with planned and unexpected expenses, holiday and vacation expenses, and additional options for debt consolidation. Members can work with one of our experienced Financial Services Representatives to explore Loan options that would work best for their situation. If there are questions on any of the lending programs we offer, members are encouraged to reach out to any of our experienced Financial Service Representatives for help. Lending money to you, our members, continues to be one of our primary missions.*

*To provide our membership with quality financial education resources, PFCU has partnered with GreenPath Financial Wellness. GreenPath is a not-for-profit agency that works primarily with credit unions and their members, offering an array of financial wellness tools. Some of the resources*



*available are, webinars, podcasts, housing counseling services, first time homebuyer classes and debt counseling.*

*As previously mentioned, PFCU is committed to providing our members with all the tools and programs necessary to keep their financial future bright.*

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

*Respectfully submitted,*

*Theresa M. Guerriero, Chief Lending Officer*



## 2022 Directors, Officers and Committee Members

### Executive Committee

Chair	Steve Underwood
Vice Chair	Len Ackman
Treasurer	Bill Porter
Secretary	Vanessa Calloway

### Charitable Committee

Chair	Mike Vilches
Member	Walter John
Member	Steve Underwood

### Supervisory Committee

Chair	Michael Graham
Member	Howard Bultinck
Member	Katherine France
Member	Walter John

### Asset Liability Committee

Member	Katherine France
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### Scholarship Director

Chair	Vanessa Calloway
Member	Patrick Flader
Member	Michael Graham
Member	Michael Vilches

### Governance Committee

Chair	Len Ackman
Member	Patrick Flader
Member	Gene McCormack
Member	Joe Thomas



## Financial Statements

<b>Balance Sheet</b>	<b>12/31/2022</b>	<b>12/31/2021</b>	<b>% Growth</b>
<b>Assets</b>			
Vehicle Loans	\$30,343,000	\$24,486,000	
Vehicle Participation Loans	\$13,945,500	\$7,333,000	
Consumer Loans	\$4,105,000	\$4,258,000	
Student Loans	\$819,000	\$680,500	
Visa Credit Card Loans	\$5,155,000	\$4,928,500	
Home Equity Loans	\$23,084,000	\$19,073,500	
First Mortgages	\$56,837,000	\$59,120,000	
Business Loans	\$4,824,500	\$2,293,000	
Reserve for Loan Losses	(\$703,500)	(\$757,000)	
<b>Net Loans</b>	<b>\$138,409,500</b>	<b>\$121,415,500</b>	<b>14%</b>
Cash	\$4,270,000	\$16,446,000	
Investments	\$207,348,500	\$209,725,000	
NCUA Share Insurance Deposit	\$3,186,000	\$3,138,000	
CU Building & Land	\$6,855,000	\$6,973,000	
Other Assets	\$5,038,500	\$4,147,000	
<b>Total Assets</b>	<b>\$365,107,500</b>	<b>\$361,844,500</b>	<b><u>0.90%</u></b>
Short Term Loans	\$7,200,000	0	
Other Liabilities	\$3,187,000	\$2,130,000	
<b>Total Liabilities</b>	<b>\$10,387,000</b>	<b>\$2,130,000</b>	
<b>Shares</b>			
Regular Shares	\$196,832,000	\$202,419,500	
Partner Plus	\$36,658,500	\$29,908,500	
Certificates of Deposit	\$17,267,500	\$15,815,500	
Checking Accounts	\$65,838,000	\$68,583,000	
Kids Accounts	\$2,050,500		
		\$1,938,500	
Holiday Accounts	\$67,000	\$74,500	
Vacation Accounts	\$776,000	\$673,500	
IRA Accounts	\$2,567,000	\$2,762,500	
IRA Certificates	\$1,608,000	\$2,009,000	
Escrow	\$20,000	\$17,000	
<b>Total Shares</b>	<b>\$323,684,500</b>	<b>\$324,201,500</b>	<b>&lt;0.10%&gt;</b>
<b>Equity</b>	<b>\$29,128,500</b>	<b>\$32,844,500</b>	<b>&lt;11.3%&gt;</b>
<b>Net Gain</b>	<b>\$1,907,500</b>	<b>\$2,668,500</b>	<b>&lt;28.5%&gt;</b>
<b>Total Shares and Equity</b>	<b>\$365,107,500</b>	<b>\$361,844,500</b>	<b><u>0.90%</u></b>

\*\$320,500 Sale of building – Actual <4.5%

## Income Statement

	2022	2021	% Growth
<b>Income</b>			
Interest on Consumer Loans	\$2,283,000	\$1,960,000	
Interest on Real Estate Loans	\$2,879,500	\$2,656,000	
<b>Total Interest on Loans</b>	<b>\$5,162,500</b>	<b>\$4,616,000</b>	
Earnings on Investments & Cash	\$3,710,500	\$2,242,500	
FM Sales Income	\$210,00	\$732,000	
Interchange Income	\$507,500	\$417,500	
Fees	\$405,000	\$423,000	
Other Income	\$925,500	\$1,202,000	
<b>Total Operating Income</b>	<b>\$10,921,000</b>	<b>\$9,633,000</b>	<b>13%</b>
<b>Expenses</b>			
Employee Salaries & Benefits	\$3,827,000	\$3,551,500	
Conference & Travel	\$16,500	\$24,000	
Checking, ATM, Debit Expense	\$1,927,000	\$702,000	
Office Operations	\$800,00	\$742,500	
Total Promotional Expense	\$168,500	\$90,000	
Depreciation Expense	\$328,500	\$314,500	
Loan Processing & Servicing	\$366,000	\$341,000	
Provision for Loan Losses	\$100,000	\$30,000	
Insurance	\$101,500	\$85,000	
Occupancy Expenses	\$701,500	\$425,500	
<b>Total Operating Expense</b>	<b>\$8,337,000</b>	<b>\$6,306,000</b>	<b>32%</b>
<b>Income from Operations</b>	<b>\$2,584,000</b>	<b>\$3,327,000</b>	<b>&lt;22%&gt;</b>
<b>Total Dividend Expense</b>	<b>\$373,000</b>	<b>\$415,000</b>	<b>&lt;10%&gt;</b>
<b>CDI Authorization</b>	<b>\$303,500</b>	<b>\$243,500</b>	<b>24%</b>
<b>Net Income</b>	<b>\$1,907,500</b>	<b>\$2,668,500</b>	<b>&lt;28%&gt;</b>

## Directors Years Served

	Cardinal Year	Years of Service
Walter John	1967 - 1968 / 1974 - 2014 / 2018	46
Len Ackman	1987	36
Eugene McCormack	1988	33
Katherine France	1997	26
Joe Thomas	1997	26
Michael Graham	1998	25
Steven Underwood	2005	18
Vanessa Calloway	2008	15
Mike Vilches	2012	11
Patrick Flader	2019	4
William Porter	2019	4

## Committee Members

Howard Bultinck	1994 - 2015 – Board Member	22
	2015 – Supervisory Committee	8

## Benefits of Membership

### Accounts

- Savings
- High Yield Savings
- Checking – No Big Strings checking, checking plus and Teen checking
  - ATM Fee Refunds
- Individual Retirement Accounts (IRA)
- Certificate of Deposit (CD)
- Business Accounts
- Club Accounts
  - Kids
  - Holiday
  - Vacation
  - Summer

### Loans/Credit Cards

- 1<sup>st</sup> Mortgage Access
  - Down Payment Assistance Program
- Home Equity
- VISA Credit Cards
- Vehicle/RV/Watercraft
- Personal
- Student

### Electronic Services

- ATM/Debit Cards
- It's ME-24/7 Online Account Access
  - Mobile Deposit with App
  - Mobile App
  - Debit Card Control
  - Bill Pay
  - E-Statements
  - SavvyMoney – Free Credit Score
- 24/7 Telephone Access
- Direct Deposit
- Payroll Deduction
- Visa Online Access
- Apple Pay/Google Pay/Samsung Pay
- Mobile text Banking – Texts and Alerts

### Additional Products and Services

- College Scholarship Program
  - Graduating High School Seniors
- Drive Thru
  - Des Plaines, Morton Grove & Franklin Park Offices
- Financial Wellness Online Programs
- Night Depository
  - Des Plaines, Glenview, Morton Grove & Franklin Park Offices
- Safe Deposit Boxes
  - Des Plaines Offices
- ***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 Minimal Fees***
  - VISA Gift Cards – First 5 per Month Free
  - PrePaid Cards
  - VISA Travel Cards
  - Vehicle License Plate Sticker Renewal Program
  - Wire Transfers
- ***Discounted Services***
  - WheelZone Car Buying Service
  - Movie Tickets
  - Amusement Park Tickets
  - Turbo Tax Service
  - Financial Planning
  - Insurance Products/Trustage



## Membership Report

### Checking Account Totals at Year End 2022

Savings Account	16,689
High Yield Savings/Partner Plus	587
CD Accounts	582
IRA Savings	180
IRA CD Accounts	84
Secondary Share	1,637
Kid's Accounts	676
Holiday Accounts	351
Vacation	249

### Membership Account Totals at Year End 2022

Checking Accounts	7,796
Checking Plus	435
Business Checking	118

### Electronic Numbers 2022

Mobile Web Active Users	3,924
Online Banking Active Users	5,022
Text Banking Active Users	1,104
Audio Banking Active Users	174
E-Statement Users Enrolled	10,937
Remote Check Deposit Sign Up	3,699

**2023 Board of Directors  
Nominating Committee  
Proposed Slate**

**SLATE of DIRECTORS TO BE ELECTED FOR 3 YEAR TERM, ENDING 2026**

Vanessa J. Calloway

Joe Thomas

Steve Underwood

Mike Vilches

**Continuing Terms**

**1 YEAR REMAINING OF A 3 YEAR TERM, ENDING 2024**

Len Ackman

Katherine France

Walter John

Gene McCormack

**2 YEARS REMAINING OF A 3 YEAR TERM, ENDING 2025**

Patrick Flader

Michael Graham

Bill Porter