

2022 ANNUAL REPORT



THE BOARD AND CEO REPORT

In 2022, we were still feeling the effects of the Covid-19 pandemic. With lower case counts and declining deaths, the pandemic started to ease, however one of the issues as a result was the lower interest rate environment and significant economic stimulus. While some of this was necessary, it has contributed to the runaway inflation we now feel. To combat this, the Federal Reserve raised interest rates at a pace not seen since 1994, in fact, this may be the fastest rate hike in modern day history. While interest rate hikes allow the Credit Union to gain higher yields, our overall yields increase at a much slower pace. This is because it takes time as loans and investments run off our books and are replaced by those higher yielding assets. To keep pace with the demand from our members, we increased our dividend rates. We continue to put in a lot of effort in managing the assets (loans), liabilities (deposits), and associated risks to maximize value for our Credit Union and our members.

Last year, we made the strategic decision to temporarily close and remodel our Plymouth branch. Our vision for this branch was to bring our operations into the future of banking. It will soon feature a smaller footprint and interactive teller machines as we focus on embracing the way banking is done and how we interact with our members. This is a natural progression in the digital space we have already embraced. We are excited about this concept and hope to duplicate it for future branch expansion. Our expected completion date is Labor Day, 2023.

Overall, 2022 was a good year for the Credit Union. We saw revenue grow 15% as we took advantage of increased rates by investing excess cash balances and loan growth of 11%. Additionally, over the last two years, we have recovered more than we charged off in bad loans. Not only did this reduce our allowance for loan loss expenses, but the improved performance of the loan portfolio also allowed us to take back into income excess loan loss reserves of approximately \$150,000. Our net income increased approximately \$400,000 over the prior year boosting our return on assets to 0.54% and increasing our capital to 7.80%.

Our assets declined by \$2 million in 2022, mainly due to the unrealized losses on investments because of the rising rate environment and declining deposits, offset by our net income. In 2023 deposits are continuing to decline, a trend we see in our industry and believe this is a function of members dipping into savings for additional purchases and the effects of because of increased inflation the inflationary pressures having grown significantly in 2022.

For 2023, we expect to see a slowdown in lending activity and the potential for a recession as the Federal Reserve increases interest rates to dampen an overheating economy. However, there remains strong economic data to reinforce the belief it is not expected to be deep, and we should see a soft landing. We are also excited to celebrate our 70th anniversary and are planning various activities to commemorate this occasion as well as the grand re-opening of our Plymouth branch. This is going to be an exciting year for our Credit Union!

On behalf of the entire Board of Directors and Staff, thank you for your loyalty and commitment to CVF Credit Union and for the opportunity to serve you. It is our goal to make life better for you!

Thank you for your membership,

Kevin Prost, Chairperson of the Board

Pete Bagazinski, CEO

STATEMENTS OF FINANCIAL CONDITION (UNAUDITED)

Assets

	December 31,	
	2022	2021
Cash and cash equivalents	\$ 4,632,288	\$ 30,458,251
Interest bearing deposits	249,000	747,000
Available-for-sale securities (includes AFS adjustment)	32,142,866	16,646,770
Loans to members (net of allowance for loan losses)	88,057,004	79,234,996
Accrued interest receivable	339,697	209,658
Net property and equipment	2,944,772	2,869,557
NCUSIF deposit	1,200,326	1,157,685
Other Assets	1,849,748	2,106,830
Total assets	\$ 131,415,702	\$ 133,430,748

Liabilities and Members' Equity

Liabilities		
Members' shares and savings accounts	\$ 123,056,918	\$ 123,820,944
Accounts payable and other accrued liabilities	315,579	236,542
Total liabilities	123,372,496	124,057,486
Commitments and contingent liabilities	-	-
Members' equity		
Approved statutory	-	908,502
Undivided Earnings	10,257,661	8,339,361
Accumulated other comprehensive income (loss)	(2,214,456)	125,399
Total members' equity	8,043,205	9,373,262
Total Liabilities and Members' Equity	\$ 131,415,702	\$ 133,430,748

CVF Credit Union Statements of Operations (Unaudited)

	Year Ended December 31,	
	2022	2021
Interest Income		
Loans receivable	\$ 3,158,272	\$ 3,008,698
Investments	615,101	264,472
Total interest income	3,773,372	3,273,171
Interest Expense		
Dividends & Interest on members' shares and interest on borrowings	99,016	165,022
Net interest income	3,674,356	3,108,149
Provision For (Recapture of) Loan Losses	(152,260)	(220,000)
Net Interest Income after provision for (recapture of) loan losses	3,826,617	3,328,149
Non-interest income (Expense)		
Fees and charges	1,023,885	1,103,828
Gain (Loss) on Assets	-	-
Gain (Loss) on Investments	-	-
Operating Expenses		
Compensation and benefits	1,881,128	1,891,459
Office operations	608,179	592,306
Occupancy	245,508	236,955
Professional and outside services	639,614	614,151
Loan servicing	497,734	522,146
Other Operating expenses	265,626	277,875
Total non-interest expenses	4,137,788	4,134,893
Net Earnings	\$ 712,714	\$ 297,084

We have engaged the firm Financial Standards Group to audit the financial statements of the Credit Union for the period-ended March 31, 2023. Financial Standards Group has expressed an unqualified opinion that our financial statements present fairly, in all material respects, the financial position of the Credit Union as of March 31, 2023, in conformity with accounting principles generally accepted in the United States of America. In addition, Financial Standards Group performs quarterly internal audits to provide additional testing of internal controls and verify that procedures are being followed.



CVF Credit Union, a division of Catholic Vantage Financial, proudly serves those individuals who live, work, worship, or attend school in the following counties in the state of Michigan: *Barry, Branch, Calhoun, Clinton, Eaton, Genesee, Gratiot, Hillsdale, Huron, Ingham, Ionia, Jackson, Kalamazoo, Kent, Lapeer, Lenawee, Livingston, Macomb, Monroe, Montcalm, Oakland, Saginaw, Sanilac, Shiawassee, St. Clair, St. Joseph, Tuscola, Washtenaw, and Wayne.*

Additionally, we serve the following Catholic Organizations:

- Contributing Members of Detroit Catholic Central High School Alumni Association
- Employees and members of St. Francis de Sales Catholic Church in Manistique, Michigan

BOARD OF DIRECTORS

Kevin ProstChairperson
Robert Stocker.....Treasurer
Dr. Cleamon Moorer, Jr.Secretary
Peter Bagazinski

EXECUTIVE MANAGMENT

Peter BagazinskiChief Executive Officer
Robert Marciniak.....Chief Financial Officer
Joann PeurachVice President of Lending
Eric RotherthVice President of Marketing
Michael Scurto.....Vice President of Information Technology
Emma Teller.....Vice President of Operations

BRANCH LOCATIONS

36111 Five Mile Road, Livonia, Michigan, 48154
8817 Sheldon Road, Plymouth, Michigan, 48170

