



CVF
CREDIT UNION

2023 ANNUAL REPORT



THE CHAIR AND CEO REPORT

CVF Credit Union is committed to making life better for our members, our staff, and the communities we serve. This is what drives us each day as we make decisions concerning the credit union. We are blessed with a team of employees that are willing to advocate for our members and make a difference in their lives. This group garners 5-star reviews and high rankings from surveys after our members perform in-branch and mobile transactions, open a loan, or finance their home.

Our Board of Directors are committed to embracing technology and advancing the Credit Union in this digital age. Our investments included a loan origination system, online account opening, Interactive Teller Machines, and Network Security. While these are exciting initiatives, they can also come with challenges. For example, our Interactive Teller Machines, featured inside and outside of our Plymouth Branch, are an innovative technology designed to assist members and provide efficiencies to our operations. However, we have experienced setbacks as we adopted this new form of serving our members and have had to address issues with our network infrastructure, our video services, and our server to bring these units live to serve our members. For those members who we have served through this channel, we are happy to report they are embracing this new way of engagement.

Another exciting investment for our Credit Union was the conversion to a new processor for our debit and credit cards. This conversion included a move from MasterCard to Visa for our debit card and allowed us to better align our entire card offerings under Visa. This change also allowed us to realize benefits, incentives, and cost savings for processing all within one brand and processor. Additionally, all of our new cards offer contactless processing, new card controls, and bonus point rewards for debit and with our Visa Signature cards. We continue to provide more value to our members with our Scorecard Rewards program as members can earn and redeem bonus point rewards whenever they wish throughout the year.

In 2023, the Federal Reserve continued to fight the inflationary pressures from 2022 by raising interest rates four times. Our Credit Union felt the impact of increased rates as lending to members slowed down. We also experienced a decline in deposits from members seeking higher rates in the marketplace and from members dipping into savings as their day-to-day cost of living remained high. In our efforts to retain members and slow the runoff of deposits leaving the Credit Union, we increased our certificate of deposit and money market rates to provide members with higher returns on their hard-earned money. The economic market also had an impact on our ability to staff our operations. It became increasingly competitive from a hiring and wage perspective as well as the increased complexity of our business made it more difficult to find qualified candidates.

Despite these economic challenges our Credit Union was able to see positive metrics for 2023. Our Return on Assets increased from 0.54% in 2022 to 0.60%, as our income was up slightly year-over-year. Our Net Worth benefited from a decline in deposits and increased to 8.81% from 7.81% in 2022. Our Net Operating Costs, Gross Income, and Net Interest Margin have increased to pre-pandemic percentages and have positioned us well in this higher interest rate environment.

For 2024, we expect the Federal Reserve to begin easing rates later this year and provide a little rate relief to our members. We are excited about opening our reimagined Plymouth branch for our members and the community. 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 and your family.

Thank you for your membership,

Kevin Prost, Chairperson of the Board
Pete Bagazinski, CEO

STATEMENTS OF FINANCIAL CONDITION (UNAUDITED)

	<u>December 31,</u>	
	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 10,671,651	\$ 4,632,288
Interest bearing deposits	-	249,000
Available-for-sale securities (includes AFS adjustment)	23,810,643	32,142,866
Loans to members (net of allowance for loan losses)	81,291,019	88,057,004
Accrued interest receivable	353,144	339,697
Net property and equipment	3,307,612	2,944,772
NCUSIF deposit	1,159,489	1,200,326
Other Assets	1,798,338	1,849,748
Total assets	\$ 122,391,896	\$ 131,415,702
<u>Liabilities and Members' Equity</u>		
Liabilities		
Members' shares and savings accounts	\$ 112,593,367	\$ 123,056,918
Accounts payable and other accrued liabilities	780,074	315,579
Total liabilities	113,373,441	123,372,496
Commitments and contingent liabilities	-	-
Members' equity		
Undivided Earnings	10,420,558	10,257,661
Accumulated other comprehensive income (loss)	(1,402,104)	(2,214,456)
Total members' equity	9,018,454	8,043,205
Total Liabilities and Members' Equity	\$ 122,391,896	\$ 131,415,702

CVF Credit Union Statements of Operations (Unaudited)

	<u>Year Ended</u> <u>December 31,</u>	
	<u>2023</u>	<u>2022</u>
Interest Income		
Loans receivable	\$ 3,900,495	\$ 3,158,272
Investments	761,965	615,101
Total interest income	4,662,459	3,773,372
Interest Expense		
Dividends & Interest on members' shares and interest on borrowings	341,642	99,016
Net interest income	4,320,817	3,674,356
Provision For (Recapture of) Loan Losses	23,477	(152,260)
Net Interest Income after provision for (recapture of) loan losses	4,297,341	3,826,617
Non-interest income (Expense)		
Fees and charges	1,025,765	1,023,885
Gain (Loss) on Assets	-	-
Gain (Loss) on Investments	-	-
Operating Expenses		
Compensation and benefits	2,067,186	1,881,128
Office operations	702,564	608,179
Occupancy	248,124	245,508
Professional and outside services	643,161	639,614
Loan servicing	575,710	497,734
Other operating expenses	323,627	265,626
Total non-interest expenses	4,560,371	4,137,788
Net Earnings	\$ 762,734	\$ 712,714

We have engaged the firm Financial Standards Group to audit the financial statements of the Credit Union for the period-ended March 31, 2024. 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, 2024, 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 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 & members of St. Francis de Sales Catholic Church in Manistique, Michigan

BOARD OF DIRECTORS

Kevin ProstChairperson
 Robert StockerVice Chairperson
 Pete BagazinskiTreasurer
 Dr. Cleamon Moorer, Jr.Secretary
 Denise van der Ster

EXECUTIVE MANAGEMENT

Pete BagazinskiChief Executive Officer
 Robert MarciniakChief Financial Officer
 Joann PeurachVice President of Lending
 Eric RothertVice President of Marketing
 Michael ScurtoVice President of Information Technology
 Emma TellerVice President of Operations

BRANCH LOCATIONS

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

