

2022

ANNUAL REPORT



LEADERSHIP REPORT

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2022 was a year of many continued strategic advancements for the credit union, while at the same time a transition in our economy. Overall, the credit union exceeded industry growth rates in many areas and continued to gain capital for continued strength.

We carried out plans to exit the Meijer branches and replace them with free-standing, full-service branch locations. We also added Saturday branch and call center hours in Fort Wayne for increased convenience and availability for our members.

Our Maplecrest branch, at the northeast corner of the city, was the first to open. This 2,200 square-foot location offers a drive-up, ATM, night depository, two lending offices and a member service desk. An exact footprint of this branch location is being built on the city's west side, near our Illinois Road Meijer branch.

At year-end, we moved into our new headquarters. This is a 28,000 square-foot facility with a full-service branch attached. The Lima Road corridor is one of the busiest roads in Fort Wayne, making our new headquarters a beacon to thousands of commuters each day. Our previous office on Spring Street was sold to the University of Saint Francis.

Employee engagement remained a top strategic priority. We desire that all employees actively participate in serving our membership and growing the credit union. We conducted an annual employee engagement survey to gauge our employees' ratings on the culture and environment we uphold. Again, we were rated as "very engaged" by our third party consultant. We ranked in the top 20% of financial institutions nationally. This is something we are very proud of.

Service to our membership was also a top priority once again. We continued to solicit feedback from our members on a routine basis when rating our service and loyalty. Our members continued to rank us in the top 90% for service ratings.

We expanded our product offerings to better serve our membership. We added Access Checking, which features early direct deposit and no overdraft fees. We also added additional checking and savings offerings to our business accounts. We now hold over \$6 million in business loans. In addition, we participated in conjunction with our business lending partnerships to fund nearly \$80 million in commercial loans.

Economic conditions began to change in 2022. Members spent at a record pace, coming off a couple years in a row of very low spending and government stimulus. At the same time, consumers were hit with large inflationary increases, causing normal spending to increase. This caused a large outflow of deposits. As a result, most institutions, including Fort Financial, greatly increased certificate rates to retain or attract additional funds. This also caused a slowdown in lending, due to higher borrowing rates. We anticipate these economic conditions to remain throughout 2023.

We look forward to serving our membership in 2023 and beyond. New branches and services were added, but we will continue with high-quality, personalized service.

We thank our membership for choosing Fort Financial.

Sincerely,

Jeff Leichty, Board Chairman

Steve R. Collins, President and CEO



TREASURER'S REPORT

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For the year ended 2022, the credit union had a net income of \$3,250,167. This was down slightly from 2021's record net income of \$3,339,317. During the year, interest income from loans and investments was \$15,662,871. This was \$2.5MM higher than interest income in 2021. The increase was the direct result of an additional \$30.8MM increase in outstanding loans to our members. However, with the increase in loans came an increase in loan charge offs and delinquencies. This caused us to increase our provision for loan loss by \$3.2MM. The resulting net interest income after the provision for loan loss was \$10,598,030 with a budget variance for the year of -15.59%.

Total operating expenses for 2022 were \$15,949,178. The overall variance for total operating expenses was very close to budget for the year, with a favorable variance of +5.23%. This continues to demonstrate the credit union's ability to effectively manage overall operating expenses. Total other operating income was \$8,391,382, an increase of 3.86% over 2021.

Loans outstanding to our members ended the year at \$281.4MM up over \$30.8MM from 2021. The largest increase in the portfolio came from 1st mortgages and used auto loans. Total deposits finished the year at \$296.1MM, slightly ahead of 2021. This was expected as 2021 was artificially inflated from the stimulus deposits to members in prior years.

In summary, in 2022 the credit union was able to again achieve strong earnings while increasing loan and share balances. We added a new corporate office, stand-alone branch and began construction on a second stand-alone branch. These additions were all financed through operating income without incurring any new debt. The credit union continues to be classified as well capitalized by the NCUA with a capital ratio of 9.89% as of the end of 2022. Our current level of capital continues to provide us adequate reserves to protect against most financial crisis while not being too large that it would restrict future growth.



SUPERVISORY COMMITTEE REPORT

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The Supervisory Committee is responsible for the continued review of credit union activities, ensuring that financial records are accurate and internal controls are in place to protect the credit union and our member's assets. The Committee accomplishes this by overseeing various audits, financial analysis and procedural reviews.

The credit union engaged with an outside CPA auditing firm to conduct an audit of the December 31, 2022 financial statements. Their previous audit did not disclose any material discrepancies and indicated that accounting records are maintained in accordance with generally accepted accounting principles and federal credit union guidelines.

We appreciate our members' involvement and commitment to Fort Financial Credit Union. The Committee pledges to remain current on credit union issues and respond to any questions in 2023.

Val Eakins
Karen Platt

FINANCIAL STATEMENT

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ASSETS

	2022	2021
Credit card loans	15,143,940	13,034,776
Real estate loans	79,776,604	68,343,041
All other loans	186,493,530	169,222,253
Allowance for loan loss	(4,570,735)	(2,712,098)
Cash on hand	4,587,636	3,979,647
Investments	26,222,277	50,921,255
Land and building	19,334,616	9,079,999
Other assets	10,521,662	13,133,329

TOTAL ASSETS

337,509,530

325,002,202

DEPOSITS

	2022	2021
Liabilities		
Certificates	29,645,905	24,941,635
Share drafts	66,218,640	64,119,278
IRAs	13,514,369	14,210,853
All other deposits	186,697,952	192,210,092

TOTAL DEPOSITS

296,076,866

295,481,858

Other liabilities	12,066,346	3,283,863
Equity capital	29,366,318	26,236,481

TOTAL EQUITY AND LIABILITIES

337,509,530

325,002,202



OPERATING STATEMENT

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INCOME

	2022	2021
Interest on credit cards	960,820	830,189
Interest on other loans	14,385,165	11,998,653
Income on investments	316,886	325,322
Miscellaneous income	8,391,382	6,279,445
Other gains or losses	209,936	---

TOTAL INCOME

24,264,189

19,433,609

EXPENSES

	2022	2021
Salaries (wages)	5,976,308	5,209,724
Benefits	1,569,896	2,029,242
Travel & conference	226,961	149,562
Association dues	33,633	27,545
Office occupancy	772,100	730,539
Office operations	3,939,117	3,608,176
Loan servicing	2,408,070	1,771,094
Outside services	857,427	759,115
Operating fee (NCUA)	52,447	58,203
Miscellaneous	113,222	(133,577)

TOTAL OPERATING EXPENSES

15,949,181

14,209,623

DISTRIBUTION OF INCOME

	2022	2021
Dividends (all accounts)	583,924	635,496
Provisions for loan losses	4,420,986	1,249,173
Interest on borrowed money	59,929	---

NET INCOME TO UNDISTRIBUTED EARNINGS

3,250,169

3,339,317

LEADERSHIP

Board of Directors

Jeff Leichty, Chairperson
Indiana Tech, VP/CIO

Shelly Musolf, Vice Chairperson
Indiana Tech, Controller

George Eldridge, Secretary
Dana Corporation, Retired

Tammy Long, Treasurer
TransUnion, Major Account Executive

Steve Collins, Board Member
Fort Financial, President & CEO

Sarah Delgadillo, Board Member
Wabash City Schools, Director of Global Citizenship

Bryan Sharp, Board Member
PERRY proTECH, Account Manager

Matt Carsten, Associate Board Member
Carsten Oil, Vice President

Darius Darling, Associate Board Member
Brotherhood Mutual, HR Generalist

Greg Martin, Associate Board Member
Dana Corporation, USW Local 903 President

Supervisory Committee

Karen Platt, Chairperson
Fort Financial, Retired

Val Eakins, Committee Member
Ivy Tech, Executive Director of Administration

Elise Faber, Committee Member
University of Saint Francis, Accounting Major

Leah Stoffel, Committee Member
University of Saint Francis, Accounting Major

Executive Staff

Steve Collins
President & CEO

J. Arnold
SVP, Chief Lending Officer

Michael Stratton
CFO & VP of Strategic Services

Rob Anderson
VP of Information Technology

Jessica Davis
VP of Member Experience



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