



2022

annual report

Service 1
FEDERAL CREDIT UNION

MEMBER DRIVEN. COMMUNITY FOCUSED.

MESSAGE FROM THE PRESIDENT

With appreciation of our membership and team, we present our progress report for 2022.

In the past year we sharpened our focus on technology and reducing consumables in member solutions and business operations, preparing to fully and seamlessly service the future's e-branch member. We renewed our goal of streamlining the member experience, laying the groundwork for online account opening with electronic document storage. We debuted modernized online banking and mobile app platforms, introducing consistency and user control to this vital e-service.

The Service 1 FCU team is driven by member financial success and service to community: Member Driven. Community Focused. With our primary purpose to offer guidance and tools that help individuals achieve their goals—whether that means repairing credit or working toward home ownership, upgrading a vehicle, earning credit card or checking rewards, or building a nest egg for college or retirement, or any number of things—we focused on launching products and services to drive member financial wellbeing in 2022:

- introduced new home equity and home equity line of credit loans
- revitalized the probationary checking solution and aptly named it "Fresh Start"
- implemented digital storage and signature cards
- deployed RDC IQ; auto-decisioned mobile check deposit
- featured new Mechanical Repair Coverage product for autos
- modernized communication through HTML e-statement notification email messages (*replaced plain text*)

We also made adjustments to internal processes, allowing us to realize greater efficiencies and better serve our

constituency:

- added to our team: loan officer, collections, IT dept., mortgage/loan officer
- restructured the Contact Center, improving call flow and member access to S1FCU services

Our commitment to community was reignited throughout 2022 as the world around us healed from the effects of the pandemic. The Service 1 FCU team freely gave their time and resources to positively impact communities through alignments with a myriad of service organizations. Together with generous member support, we partnered with local charities to hold food and supply drives (*for people and pets!*), granted much-needed dollars for shelter-insecure families through the Jennifer VanderStelt Community Service Scholarship, spread positivity/random acts of kindness via The Kindness Rally, served community meals, provided resources for food-insecure youngsters, awarded continuing education funds through the Calvin J. Peterson Memorial Scholarship, and more. We marked our 82nd year with a "Big '80s" throwback celebration and giveaway campaign at all branches, and we refreshed our Mobile, AL office, hosting an open house with giveaways, entertainment, food, and membership and product specials.

Our focus for the coming year will be to provide access to more convenient financial tools, improve our availability to members through new digital solutions, and deepen existing relationships while attracting new member-owners and team talent. The protection of member information and assets will also be paramount to our strategy. Of course, we'll serve our communities with hearts and hands by "livin' the mission."

We're grateful to our Service 1 FCU family of members for a wonderful 82-year-long partnership. We look forward to a fruitful future!

Lew Collins | PRESIDENT

MEMBER DRIVEN. COMMUNITY FOCUSED.

BOARD OF DIRECTORS

Lew Collins | PRESIDENT
Sue Williams | VICE PRESIDENT
Gayle Carskadon | TREASURER
Joni Shinn | SECRETARY
Britney May | DIRECTOR
David Layman | DIRECTOR
John DeWolf | DIRECTOR
Megan Hall | DIRECTOR
Kim Bourdo | DIRECTOR/CEO
John Jolman | DIRECTOR EMERITUS

SUPERVISORY COMMITTEE

Pam Hanophy | COMMITTEE CHAIRPERSON
Anthony Barajas | COMMITTEE MEMBER
Debbe Matrone | COMMITTEE MEMBER

SUPERVISORY COMMITTEE REPORT

Pam Hanophy | CHAIRPERSON

The Supervisory Committee is earnest in its responsibility to ensure the ethics of Service 1 Federal Credit Union, as well as its operations and records. We resolutely uphold our purpose to observe operating procedures, verify records, and monitor items such as cash, expenses, and inventory. Additionally, we assist in an independent audit to verify accuracy. We had a favorable audit in 2022 and are moving toward approved resolution of all necessary items.

It's with enthusiasm that we anticipate another year of growth, success, and living out our service mission in cooperation with the Board of Directors, the CEO, and the entire Service 1 Federal Credit Union team.

82ND ANNUAL MEETING MINUTES

The eighty second Annual Meeting of Service 1 Federal Credit Union was called to order at 5:00PM on Thursday, April 14, 2022. The meeting was held virtually due to the COVID-19 Pandemic. Tricia Rogers/VP of Marketing welcomed all members and officers.

The following officials were present: Lew Collins, Joni Shinn, Gayle Carskadon, John DeWolf, David Layman, Megan Hall, Britney May, Pam Hanophy, Anthony Barajas and Kim Bourdo. A quorum was established with 23 members present.

A motion was made and supported to accept the minutes of the 81st Annual Meeting. Motion carried.

Lew Collins informed those present that the reports of the Directors, Supervisory Committee and the Financial Report were printed in the program/displayed on the screen. A motion was made and supported to approve the reports as presented. Motion carried.

There was no old business or new business to discuss.

Since there was no opposition to the incumbent board members, John DeWolf, Sue Williams, David Layman, Britney May, Kim Bourdo were re-elected to the Board of Directors for terms expiring in 2024.

Kim Bourdo/CEO discussed how S1FCU stayed true to the Member Driven, Community Focused mission. Member Driven initiatives from 2021 included: early ACH posting; centralized contact center; upgraded mobile app; loan promotions; cultivating member relationships; debit/ATM card limit increases; and multiple contests/drawings. Community Focused initiatives included: over 250 volunteer hours; over \$21,000 donated to charitable organizations; food drives for local food pantries; serving as financial champions for the Foundation for Muskegon County's Kickstart to Career program, which provides financial education to elementary school children in Muskegon County; and various team members serving on volunteer boards throughout our community. Service 1 FCU's financial position remains strong. In 2022, look for new fixed and variable rate home equity programs and continued focus on electronic service options.

Tricia recognized our Calvin J. Peterson Memorial Scholarship recipients, Morgan Hensen and Gabriella Gaston, both from Muskegon, MI.

At 5:15PM a motion was made and supported to adjourn the meeting. Motion was carried.

Joni Shinn | SECRETARY



LIVIN' THE MISSION: MEMBER DRIVEN

The Service 1 FCU team is driven by member financial success. We provide guidance and tools to help individuals achieve their goals, whether that means repairing credit or working toward home ownership, upgrading a vehicle, earning credit card or checking rewards, or building a nest egg for college or retirement. Our purpose is to foster member financial wellbeing. In 2022, we launched new, member-driven products and services:



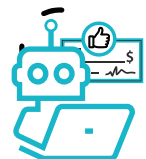
Mechanical Repair Coverage product for autos



Digital storage and signature cards



RDC-IQ: auto-decisioned mobile check deposit



Re-introduced "Fresh Start" probationary checking



Home equity and HELOC loans



Modern communication: notification emails



LIVIN' THE MISSION: COMMUNITY FOCUSED



\$26,000+
CHARITABLE
CONTRIBUTIONS RAISED



> 3,000
ESTIMATED NUMBER
OF PEOPLE SERVED



300+
VOLUNTEER
HOURS



50+
ORGANIZATIONS
SERVED



My experience has been fantastic from the start...and has always been top-notch, helping me build my credit back up after 'life happened.' Thank you to your great team for always being there for me.

Chris W. | MONETT, MO

MEMBER DRIVEN. COMMUNITY FOCUSED.

LIVIN' THE MISSION: COMMUNITY FOCUSED

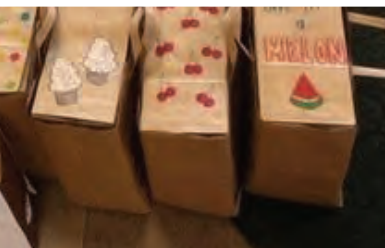


JENNIFER VANDERSTELT COMMUNITY SERVICE SCHOLARSHIP

Each year, employees nominate charities for the Jennifer VanderStelt Community Service Scholarship, a donation awarded in honor and memory of our former COO who lost her battle with cancer in 2015. The 2022 award was presented to **Family Promise of the Lakeshore**, a non-profit agency that pairs families experiencing homelessness with permanent, stable housing and support services, such as financial counseling and budgeting, job search assistance, life skills coaching and more. The allotted \$1,000 gift was expanded to \$1,500 with funds from a 50/50 raffle at the annual Michigan holiday party, and a contribution from the raffle winner brought the total grant to \$1,500. We have a truly caring team!



MEMBER DRIVEN. COMMUNITY FOCUSED.



KIDS' FOOD BASKET OF MUSKEGON

Team members spent hundreds of hours in 2022 decorating more than 20,000 bags to support the mission of Kids' Food Basket—double the number contributed the previous year! The bags are used to house nutritious take-home “sack supper” meals for food-insecure children in the Muskegon (MI) area.

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LIVIN' THE MISSION: COMMUNITY FOCUSED

ANNUAL CREDIT UNION FOOD DRIVE

Thanks to the generosity of members and staff, Service 1 FCU raised over \$3,560 for the 14th Annual Food Drive to support local food pantries: Muskegon Rescue Mission (Muskegon, MI), Restoration Life Center (Neosho, MO), Shell Knob Alliance of Churches Food Pantry (Shell Knob, MO), and Feeding the Gulf Coast (Mobile, AL).

Michigan branches partnered with other area credit unions to raise funds for The Muskegon Rescue Mission food pantry, and through the Meijer Simply Give Double-Match program, tripled our individual donation to \$4,500, bringing our total impact to more than \$7,110 for Service 1 FCU and more than \$9,165 for all local credit unions!



Thank you for always showing professional kindness. Your staff has always been gracious, professional, and kind. They always do what is right, handle our business swiftly, and leave us happy.

Kris & Cindy W. | WHITEHALL, MI

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LIVIN' THE MISSION: COMMUNITY FOCUSED

CALVIN J. PETERSON MEMORIAL SCHOLARSHIP

Gabriella Gaston and Morgan Henson, both of Muskegon, MI, were awarded \$1,000 scholarships for 2022 education expenses. The recipients were selected from an exceptional applicant pool by an impartial committee based on academic merit, community involvement, and goals. Service 1 FCU is proud to support future leaders!



ANGEL TREE COLLECTION



HOPE KITCHEN



SHAKIN' IN THE SHELL

SUPPORTING THE COMMUNITIES WE SERVE

The Service 1 FCU team has been proud to partner with various community organizations, including KickStart to Career (through the Community Foundation for Muskegon County), Kids' Food Basket of Muskegon, the American Cancer Society (Relay for Life, Bowl to Strike Out Cancer), The Kindness Rally, Agewell Services/SafeSeniors, Toys for Tots, East Newton United, Hope Kitchen/Restoration Life Center, Feeding the Gulf Coast, Muskegon Rescue Mission, Barry-Lawrence Library—Shell Knob Branch, and more.

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LIVIN' THE MISSION: BUSINESS DEVELOPMENT



THE FRIDAY GRIND | Shell Knob, MO



ENU BACK-TO-SCHOOL BASH | Neosho, MO



BUSINESS EXPO | Mobile, AL



MUSKEGON LAKESHORE CHAMBER | Muskegon, MI



BRANCH REFRESH / GRAND REOPENING | Mobile, AL

STATEMENT OF FINANCIALS

ASSETS

	2020	2021	2022
Loans to members (net)	\$110,728,278	\$119,146,833	\$137,457,448
Cash on hand and in banks	4,066,907	3,514,840	3,488,107
Investments	49,898,074	57,012,526	45,580,197
Other assets	6,346,713	6,378,243	4,815,931
TOTAL	\$171,039,972	\$186,052,442	\$191,341,683

LIABILITIES

Shares	\$ 45,837,140	\$ 52,800,379	\$ 54,124,924
Deposit accounts	99,317,464	106,073,754	107,064,621
Notes payable	—	—	1,573,520
Accumulated reserves	23,623,225	24,680,640	26,372,909
Net earnings this year	1,057,415	1,692,269	1,932,177
Other liabilities	1,204,728	805,400	273,532
TOTAL	\$171,039,972	\$186,052,442	\$191,341,683

INCOME

Interest on loans	\$5,696,171	\$5,712,833	\$6,000,324
Other income	3,464,741	3,863,364	4,474,390
Gain on sale of assets	—	—	—
TOTAL	\$9,160,912	\$9,576,197	\$10,474,714

DISTRIBUTION OF INCOME

Total operating expense	\$6,679,971	\$7,041,806	\$7,731,152
Non operating expense	—	—	—
Dividends and interest	\$942,657	\$575,376	\$590,385
Provision for loan loss	\$480,869	\$266,746	\$221,000

2022 BY THE NUMBERS



AVERAGE SHARE BALANCE

2022	\$7,4056
2021	\$7,262
2020	\$6,642



AMOUNT OF LOANS MADE DURING YEAR

2022	\$65,969,788
2021	\$61,427,484
2020	\$51,462,641



NO. OF OUTSTANDING INSTALLMENT LOANS

2022	10,854
2021	10,662
2020	11,141



AVG. INSTALLMENT LOAN BALANCE

2022	\$12,117
2021	\$10,673
2020	\$ 9,459



NO. OF OUTSTANDING CREDIT CARDS & INSTALLMENT LOANS

2022	14,586
2021	14,374
2020	14,863



AVG. INSTALLMENT & CREDIT CARD LOAN BALANCE

2022	\$9,428
2021	\$8,307
2020	\$7,484

NO. OF ACCOUNTS AT YEAR END



2022	21,765
2021	21,876
2020	21,853

MEMBER DRIVEN. COMMUNITY FOCUSED.

2022 ANNUAL REPORT



MAIN OFFICE | 1075 E. Sherman Blvd. | Muskegon, MI 49444 | **231.739.5068**
LAKES MALL BRANCH | 1625 Eastwind Dr. | Muskegon, MI 49444 | **231.739.5068**
SB BRANCH | 991 W. Broadway Ave. | Muskegon, MI 49441 | **231.739.5068**
MOBILE, AL BRANCH | 2051 S. Broad St. | Mobile, AL 36605 | **251.432.8538**
NEOSHO, MO BRANCH | 2975 Gardner-Edgewood Dr. | Neosho, MO 64850 | **417.451.7588**
SHELL KNOB, MO BRANCH | 25368 State Highway 39 | Shell Knob, MO 65747 | **844.858.2500**

 **WWW.SERVICE1FCU.COM**