



2022 ANNUAL REPORT



Taking Dreams Higher Together



Our Mission:

To positively impact the lives of our members, team members, and community through meaningful connections and progressive financial solutions.



Chairman's Report

I am proud to report another year of safety and soundness as your financial institution. FreeStar Financial has faithfully protected member accounts since 1957.

We preserve our financial strength by managing risk, maintaining a strong portfolio, and using a conservative investment strategy. Extensive security and rigorous protocols also keep us a stable and secure Credit Union. These measures protect your accounts, sensitive member data, and privacy.

You can be confident that your deposits are federally insured by the National Credit Union Association (NCUA), just like the FDIC insures banks.

The FDIC took over the failed Silicon Valley Bank and Signature Banks. However, FreeStar Financial differs considerably. Those banks specialized in high-risk areas such as tech, venture capital, and cryptocurrency.

Credit unions are more highly regulated. Federal and State regulators supervise credit unions to assess our operations, financial condition, regulatory compliance, and financial risk. We are a well-capitalized Credit Union with a net worth ratio of 9.68% as of December 31, 2022, well above the 7% requirement.

The NCUA's latest examination determined that FreeStar Financial exhibits sound performance and risk management practices relative to our size, complexity, and risk profile. They reported that the Credit Union could withstand unpredictable business conditions and resist outside influences such as economic instability.

Members are further protected by Michigan's Department of Insurance and Financial Services. They conduct annual onsite examinations of the Credit Union. The DIFS 2022 Examination reported our condition to be safe and sound in every respect.

The State also requires an external CPA firm to perform a comprehensive annual audit of our operations and financial statements. FreeStar Financial received another year of favorable reporting from Doeren Mayhew for the 2022 Audit.

The Credit Union earned a 5-star rating from Bauer Financial, a private company that independently analyzes financial institutions.

One of our most meaningful measures of success comes from you, the membership. Thank you for your 97% Member Satisfaction score.

I appreciate your trust and loyalty as an owner of this Credit Union.

Raymond White
Chairman

Consolidated Financials

	Dec. 31, 2022	Dec. 31, 2021
Assets		
Loans	205,069,716	175,939,843
Allowance for Loan Loss	(1,143,059)	(1,425,820)
Cash	2,869,360	2,492,550
Cash on Deposit	3,081,475	11,038,671
Investments	77,772,251	75,101,978
Land & Building	11,454,169	10,761,898
Other Assets	8,693,752	8,498,775
Total Assets	\$307,797,664	\$282,407,895
Liabilities & Equity		
Shares	101,810,076	88,705,820
Money Management	62,635,732	62,063,540
Share Drafts	45,615,941	40,694,696
Certificates	59,747,958	53,982,791
Other Liabilities	15,765,678	10,974,095
Total Equity	22,222,279	25,986,953
Total Liabilities & Equity	\$307,797,664	\$282,407,895
Income		
Loan Interest	8,690,272	8,175,607
Investment Interest	1,352,390	793,063
Other Income	4,114,877	4,068,604
Total Income	\$14,157,539	\$13,037,274
Expenses		
Operating Expense	11,723,829	9,953,076
Provision for Loan Loss	61,266	(193,000)
Dividends Paid	1,113,293	1,223,469
Interest on Borrowings	144,663	172,905
Total Expense	\$13,043,051	\$11,156,450
Net Income	\$1,114,488	\$1,880,824



President/CEO's Report

Thank you for being a member of the FreeStar Financial Family and making us your preferred financial institution. With your contributions, we grew to 22,300 members and \$307 million in assets. The Credit Union returned a profitable net income and well-maintained balance sheet in 2022, as we have done each year.

Our Belle River Community Credit Union merger was the year's most successful accomplishment. Richmond members can access FreeStar Financial's award-winning products, services, and technologies. We also invested in a new Interactive Teller Machine at the Richmond branch. This technology allows members to use the drive-thru ITM during Saturday hours and speak directly with a Credit Union employee for teller-assisted services.

Focusing on technology and digital advancements to improve all member experiences is a continued priority. The Credit Union serves all generations, from the Boomers, Xers, Millennials, and now the Zoomers. We know that we must be on top of our game to provide a convenient and hassle-free experience to attract and maintain members.

We want to be known for innovation and to offer promotions and products different than other financial institutions. Our first-ever \$10K Giveaway Promotion was held in 2022 to attract new members. One lucky member was awarded a \$10,000 prize during a Facebook Live drawing. The promotion was open to any member who applied and closed on a qualifying home equity line of credit or mortgage loan of \$25,000 or more during the promotional period.

Our Credit Union also completed a LoanPay Express conversion. This new system has a mobile-friendly portal for borrowers to make self-serve loan payments. Upgrading our software for mortgage loan originations is another technology enhancement planned for 2023. This update streamlines the mortgage process to quickly determine next steps, upload documents, and enable electronic signatures. FreeStar Financial has provided mortgage loans for 66 years and originated \$27 million in mortgage loans last year.

The Member Access Center call volume has continued increasing since the pandemic. Our information technology team will implement a Queue Call Back feature. This allows members to request a callback and hold their place in line instead of waiting on the phone. We always look for more ways to deliver the exceptional service you deserve.

FreeStar Financial is committed to improving the lives of our members and community. Throughout 2022, we were more active in the community than in past years and will continue our involvement. The Credit Union held events for financial literacy, counterfeit detection, and business networking. We also hosted our annual scholarship program, free shred days, the St. Clair Shores Halloween Stroll, and Richmond Community Day.

Our team actively participated in area events such as chamber mixers, the Armada Fair and Parade, Business by the Bay, Gratiot Cruise, Richmond Good Ole Days, and Scavenger Hunt through the Shores. Through fundraising and volunteering, we also continued efforts to support FreeStar Financial's 2022 Charity of Choice, Vets Returning Home.

During Make a Difference Day, our team members volunteered on a Saturday to assist local organizations, rake leaves, and clean yards for residents. 90% of our team members participated and donated over 200 hours of community service.

FreeStar Financial was also involved in CU Kind Day, the Michigan Credit Union League's statewide campaign to spread kindness, impact communities, and create awareness about credit unions. Michigan's 2022 CU Kind Day engaged 74 participating credit unions and 3,500 volunteers. Collectively, we impacted 23,500 people and raised \$148,500 in goods and donations.

Thank you for being part of the FreeStar Financial Difference.

Drema D. Isaac
President/CEO

Board of Directors



Raymond White
Chairman



Clifford Brown
Vice Chairman



Kisti Le
Treasurer



Jeffrey Bruss
Secretary



Catherine Patyi
Director



Charles Larsen
Director



Ashley Ciamillo
Director



Marc Alexander
Director

Executive Team



Drema D. Isaac
President/CEO



Eric Heinrich
Chief Financial Officer



Jennifer Martines
Executive Vice President



Anne Lester
Vice President of Branch Operations



Tim Strenk
Vice President of Information Technology



Chris Clapp
Vice President of Lending



Victoria McIntosh
Vice President of Community Affairs



BY THE NUMBERS



22,338
MEMBERS

\$1,061,359

DIVIDENDS PAID

97%

MEMBER SATISFACTION

\$87 Million

NEW LOANS

\$8,687,496

LOAN REVENUE

\$1,115,269

NET INCOME



FreeStar Financial Credit Union

P.O. Box 2800, Mt. Clemens, MI 48046
www.freestarfinancial.com
586-466-7800

Branch Locations

- ▶ Chesterfield
- ▶ Clinton Township
- ▶ Richmond
- ▶ St. Clair Shores
- ▶ Selfridge
- ▶ Shelby Township
- ▶ Sterling Heights