



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

FreeStar Financial has faithfully protected our members since 1957. The end of 2022 marked our 66th year and the first anniversary of our Belle River Community Credit Union merger. I am proud

to report another year of safety and soundness as your financial institution.

Throughout history, FreeStar Financial has remained safe, stable, and secure. The Credit Union has extensive security measures and rigorous protocols to protect your accounts, sensitive member data, and privacy. Your deposits are also federally insured by the National Credit Union Association (NCUA), just like the FDIC insures banks.

The FDIC took over the recently failed Silicon Valley Bank and Signature Banks. However, FreeStar Financial is vastly different in structure, and credit unions are more highly regulated. Those two banks specialized in high-risk areas such as tech, venture capital, and cryptocurrency. Insurance levels above \$250,000 vary based on account type and ownership. Nearly all FreeStar Financial member deposits are insured, compared to just 5% of Silicon Valley's depositors.

The federal regulators that supervise credit unions also assess our financial risk. 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 found no cause for supervisory concern. The examiners also reported that our Credit Union is capable of withstanding unpredictable business conditions and being resistant to outside influences such as economic instability.

As your board chairman, I am proud that we have financially positioned the Credit Union to endure future economic uncertainties. We preserve our financial strength by managing risk, maintaining a strong portfolio, and having a conservative investment strategy.

Our board of directors also holds the Credit Union to a higher fiscal reserve level than what is required by our federal regulator. For credit unions like ours with less than \$500 million in assets, a net worth ratio of 7% or greater is classified as well capitalized. The Credit Union had a net worth ratio of 9.68% as of December 31, 2022, well above the 7% requirement.

State regulators from the Department of Insurance and Financial Services supervise credit unions. They protect members by conducting annual onsite examinations. DIFS evaluates our operations, financial condition, regulatory compliance, rate-market sensitivity, and an analysis of seven key risk categories. Their 2022 report found FreeStar Financial's condition to be safe and sound in every respect.

Michigan also requires a comprehensive annual audit of credit union operations and financial statements by an outside CPA firm. These reviews are based on standards established by the American Institute of Certified Public Accountants. FreeStar Financial received another favorable report from the 2022 audit.

The Credit Union also 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, and your 97% Member Satisfaction score.

Thank you for your trust and loyalty as an owner of this Credit Union.

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	8,498,175

Total Assets	\$307,797,664	\$282,407,895
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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
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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
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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
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Net Income	\$1,114,488	\$1,880,824
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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 over \$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 now benefit from FreeStar Financial's award-winning products, services, and technologies. We invested significantly in that branch by installing a new Interactive Teller Machine. This technology allows Richmond members to use the drive-thru ITM during Saturday hours and speak directly with a Credit Union employee for teller-assisted services.

One of our priorities is to continue focusing on technology and digital advancements to improve all member experiences. As we move further into the digital age, technology rapidly transforms the financial sector. One of the most significant changes we've seen is the rise of Financial Technology. FinTech companies combine finance and technology to offer innovative services and solutions. It provides access to traditional financial services in ways that previously weren't available.

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 the convenient and hassle-free experience that FinTech currently offers to attract and maintain the younger generations. Fintech companies want a part of the financial services market share and have billions of dollars to invest.

Today's younger generation uses multiple fintech solutions. One day they might purchase music or an app from Google Play or the Apple Store. Then use Mint to gauge their monthly entertainment budget, and at dinner, they split their dinner tab with friends using Venmo. Later, they'll tap their phone at the gas station to buy fuel, or hop in an Uber and pay for the ride using their phone.

Fintech is a growing industry with challenges, such as its long fundraising cycle, data security, and compliance. You can be assured that FreeStar Financial will always conduct our due diligence to ensure that every third-party company we use is safe and sound.

We were thankful that our mobile banking, mobile deposits, and other electronic services were implemented, allowing so many members to access their accounts throughout the pandemic. I'm pleased that members have continued to utilize electronic services, even though our branches are open with no restrictions. Members enjoy the safety and convenience of this secure technology to access their accounts 24/7 to perform their transactions at home or on the go.

Our Credit Union wants to be known for innovation and to safely offer promotions and products different than other financial institutions. We had our first-ever \$10K Giveaway Promotion in 2022 to attract new members. One lucky member was chosen during our Facebook Live drawing and awarded a \$10,000 prize. The promotion was open to any member who applied and closed on a qualifying home equity line of credit (HELOC) or mortgage loan of \$25,000 or more during the promotional period. FreeStar Financial has provided mortgage loans for 66 years, and in 2022 originated \$27 million in mortgages and HELOCs.

We also completed a LoanPay Express conversion. This new system has a mobile-friendly portal for self-serve loan payments by the borrower. Additional technology enhancements are planned for 2023, including upgraded software for mortgage loan originations. This update will streamline your mortgage process to quickly determine next steps, upload documents, and enable electronic signatures.

Since the pandemic, there has been a continued increase in Member Access Center call volume. Our Information Technology Department will implement a Queue Call Back feature, allowing members to request a callback and hold their place in line instead of waiting on the phone. We are always looking for more ways to deliver the exceptional service you deserve.

FreeStar Financial helps to build your financial future and strengthen our community. We were more active in the community during 2022 than in past years and will continue our involvement. The Credit Union hosted events for financial literacy, counterfeit detection, and business networking. We hosted our annual scholarship program, free shred days, 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 Charity of Choice, Vets Returning Home.

During Make a Difference Day, our team members volunteered on a Saturday to assist local organizations or rake leaves and clean yards for residents. 90% of our team members participated and donated over 200 hours of community service. Here is a short video highlighting our contributions during October's Make a Difference Month.

FreeStar Financial also participated 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 included 74 participating credit unions and 3,500 volunteers. Collectively, we impacted 23,500 people and raised \$148,500 in goods and donations.

The Credit Union is actively committed to improving the lives of our members and community. Thank you for being part of the FreeStar Financial Difference.

Board of Directors



Raymond White
Chairman



Clifford Brown
Vice Chairman



Jeffrey Bruss
Secretary



Charles Larsen
Director



Catherine Patyi
Director



Asheley Ciamillo
Director



Kisti Le
Treasurer



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
▶ Selfridge

▶ Shelby Township
▶ Sterling Heights
▶ St. Clair Shores
▶ Richmond