

2017

ANNUAL REPORT



Michigan Credit Union League Credit Union of the Year 2017

Our Mission:

To assist our members and communities by providing superior service and innovative financial solutions, meeting their dynamic needs, wherever life leads.



Take Your Dreams Higher.



Chairman's Report

In 2017, FreeStar Financial was honored to be the proud recipient of three prestigious awards:

- **Best of the Best Credit Union** - This marks the 6th year in a row being named "best credit" union by Macomb Daily readers! This could not have been possible without you, our members, taking the time to recognize us through your votes. Thank you for your loyalty and membership.
- **Credit Union of the Year** - The Michigan Credit Union League presented us with the award. This achievement recognized our ongoing efforts to support military charities like Pets for Vets and Vets Returning Home.
- **Dora Maxwell Social Responsibility Community Service Award** - This is given by the Credit Union National Association for exemplary community service work with military charities in the state of Michigan.

These awards demonstrate that FreeStar Financial is successful in achieving our vision to meet your dynamic needs, wherever life leads. Employees strive to fulfill this mission every day, with every member, by providing superior service and innovative financial solutions. Member Service

Representatives, Tellers, and Call Center staff work with each member to identify your financial requirements and provide solutions. Together, they build and execute thoughtful plans and actions, blending their experience and expertise, to **Take Your Dreams Higher.**

Our growth has expanded significantly since the Credit Union was founded back in 1957. In 2017, we celebrated our 60th anniversary. Throughout the years and subsequent field of membership expansions, the credit union grew to 19,738 members at the end of 2017. We serve all military and veterans in the state of Michigan, and communities in ten counties in Southeast Michigan.

To meet the needs of this expanded field of membership, FreeStar Financial purchased property in Shelby Township on Van Dyke, south of 26 Mile Road, in Macomb County. A site plan and architectural renderings are complete for a 2,500 square foot branch, which will open at the end of 2018. Exploration and negotiations are also in process to acquire a second property in Saint Clair Shores to host a future branch there.

I look forward to serving you in the coming year.

**Raymond White Jr.,
Board Chairman**



President/CEO's Report

It is my great honor and privilege to report another consecutive year of strong financial performance, growth in loans, assets, and membership. We thrive because of your trust and contributions. Whether you are a senior planning for retirement, saving for your children's education, or just beginning to invest in your future, we partnered together to meet your needs. On behalf of the management and staff, thank you for your loyalty to our Credit Union.

FreeStar Financial's mission is to assist our members and communities by providing superior service and innovative financial solutions. Products and services introduced in 2017 to help **Take Your Dreams Higher** include:

- **Boomerang Rewards Checking** allows members to qualify each month for either 2% cash back on your first \$300 in purchases, or a 2% Annual Percentage Yield on balances up to \$10,000.
- **The Bump-Rate Certificates of Deposit** provide the opportunity to earn a high, fixed interest rate for 3 or 5 years, and the ability to bump the rate up during that period if interest rates increase.

Financial education continues to be important to our organization. We hosted several educational sessions throughout the year on Wills and Trusts, First-Time Home Buying, and Understanding Your Credit Score. Staff continues reaching out to high school students with the Mad City Money program, which is a realistic budget simulation that teaches money-management principles.

As 2018 begins, we remain a healthy, motivated, and growing financial institution. FreeStar Financial is committed to the following goals to increase the value of belonging to our credit union:

- **Deliver superior service and expertise**
- **Secure and protect member data**
- **Maintain financial strength and stability**
- **Actively promote teamwork and professionalism**
- **Continuously improve process standards**

We are excited to share some product-related developments that will benefit you in 2018:

- **Enhanced online and mobile banking capabilities and features to promote ease of use and added security**
- **Instant-issue debit cards, allowing members to receive and activate their new debit card at account opening**
- **Interactive Teller Machines (ITMs)**
- **New website design to improve navigation and search capabilities**

As a member-owned credit union, your support is integral to our success. Thank you for making FreeStar Financial part of your community. Our staff is here to serve you, and we remain committed to providing quality products and financial services that offer value, convenience, and security at competitive rates. We are honored to partner together to help **Take Your Dreams Higher!**

**Drema D. Isaac,
President and CEO**



Treasurer's Report

It is my pleasure to report that FreeStar Financial Credit Union continued to experience strong financial performance in 2017.

Assets increased by 8% to approximately \$208 million. Strong asset growth is attributed to an increase in total deposits of \$12.5 million for the year.

Net income for 2017 was strong, totaling \$1.6 million, for a return on assets ratio of 0.81%. Even with strong asset growth, capital levels remain unchanged at 10.31%. This is significantly higher than the regulatory requirement to remain above 7%.

The primary source of income for the Credit Union remains interest earned on loans to the membership. In 2017, over 4,700 loans were granted to members. This amounted to \$78 million in new loan originations for the year, resulting in a net loan increase of \$24 million, or 16%, in 2017. We continue to believe the best use of members' deposits is to fund loans to the membership, which has led to an increase in the loan to share ratio to 95%.

In 2017, we welcomed over 3,000 new members which helped increase both shares and loans. FreeStar Financial continues to offer dividend and certificate rates that are higher than the national average. Just over \$1 million in dividends and interest was paid to our members in 2017. This was an overall increase of 7% when compared to the previous year.

As always, the Board of Directors, management, and staff of FreeStar Financial Credit Union look forward to continuing to serve the financial needs of our membership while remaining a financially sound and member-owned institution.

Clifford Brown,
Treasurer

Consolidated Financials

	Dec. 31, 2017	Dec. 31, 2016
Assets		
Loans	174,410,113	150,316,711
Allowance for Loan Loss	(1,680,579)	(1,309,141)
Cash	1,377,422	1,433,416
Cash on Deposit	2,538,825	6,260,488
Investments	19,833,586	26,220,337
Land & Building	4,056,825	4,070,709
Other Assets	7,376,810	5,612,307
Total Assets	207,913,002	192,604,827
Liabilities & Equity		
Shares	48,812,136	47,109,737
Money Management	48,064,241	45,594,888
Share Drafts	24,917,659	23,347,073
Certificates	61,489,957	54,680,891
Other Liabilities	3,226,472	2,073,013
Total Equity	21,402,538	19,799,226
Total Liabilities & Equity	207,913,002	192,604,827
Income		
Loan Interest	7,819,609	6,763,927
Investment Interest	428,617	459,903
Other Income	3,605,073	3,104,721
Total Income	11,853,299	10,328,551
Expenses		
Operating Expense	9,161,408	8,437,937
Dividends Paid	1,025,823	951,598
Interest on Borrowings	48,783	8,125
Total Expense	10,236,014	9,397,660
Net Income	1,617,285	930,891



Team building exercise



Thunderbirds flyover at the Selfridge Open House and Air Show



Mad City Money team

Board of Directors



Raymond White Jr.
Chairman



Edward Cotter Jr.
Vice Chairman



Jeffrey Bruss
Secretary



Clifford Brown
Treasurer



James Ellis
Director



Thomas Churchwell
Director



Jonel Jakupi
Director



Board and Supervisory Committee members and Governor Rick Snyder enjoying the Selfridge Open House and Air Show.



Supervisory Committee



Charles Larsen
Chairman



James Tenney



Karen Chaves



James Safian



Catherine Patyi



Henry Sommerstorfer



FreeStar Financial Credit Union

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Branch Locations

Chesterfield
Clinton Township
Selfridge
Sterling Heights

