



2022

ANNUAL REPORT

AGENDA FOR THURSDAY, APRIL 27, 2023

Welcome

Randy Freeman

Invocation

Mark Baldwin, Chaplain UAW Local 652

Introduction of LAFCU's Board of Directors and Committee Members

Patrick Spyke

Years of Service Recognition

Patrick Spyke

Call To Order

Randy Freeman

Election of Officers

Jere Auvenshine

Approval of Minutes: April 21, 2022

Randy Freeman

Annual Meeting Reports

Randy Freeman

Old Business

Randy Freeman

New Business

Randy Freeman

Adjournment

Randy Freeman

“While promoting the credit union philosophy, we are committed to providing financial services for the changing needs of our members and helping them obtain financial security.”

PRESIDENT'S REPORT

LAFCU's dedication in providing our members with the best financial security remained strong in 2022. We continued to see member growth including access for members to take care of their finances digitally 24/7 through Mobile Banking and Online Banking, as well as in-person at any of our 10 branches.

We began a beneficial partnership with Quality Dairy, installing 27 LAFCU ATMs at each of their locations. In addition, LAFCU members could be a part of "Spot the Savings" by using a Loyalty Card or special incentives when using the ATM at Quality Dairy stores.

The West Lansing Branch lobby remodel was completed, providing an enhanced experience for members, expanding the number of ATMs available, offering ITM and video functionality, as well as exceptional in-person service.

A brand new history wall was also included as a tribute to LAFCU's journey since 1936. The Credit Union continues to offer its low-income designation program, LAFCU Serves, to provide products, services, and education to those who are unbanked and underbanked in the communities LAFCU serves. The Board of Directors, along with the LAFCU Team, remain focused on meeting our members' financial needs and providing low cost, high-quality products designed to help them succeed. We also continue to help

the community with education, volunteerism, and sponsorships that benefit the statewide communities we serve.

Comments and suggestions are encouraged to help us continue to provide a high level of service that our members deserve, and which we pride ourselves in delivering. I would like to personally thank my fellow Board members, committee members, and all of the LAFCU Team for their commitment and dedication to the LAFCU membership.

It continues to be an honor to serve you.

Randy Freeman, President

BOARD OF DIRECTORS

Randy Freeman, President
Mel Place, Vice President
Thomas Martinson, Treasurer
Tommie Culpepper, Secretary
Jere Auvenshine, Director
Melvin Coleman, Director
Paulette Warren, Director

EMERITUS BOARD

Bob Zimmerman
Sabrina Todd

CREDIT COMMITTEE REPORT

LAFCU remains committed to meeting the lending needs of its members. The Credit Committee and lending staff work closely to ensure the Credit Union continues to provide member focused products and services that align with the credit union philosophy of “people helping people.” This focus includes remaining aware of lending trends to ensure LAFCU is competitive in the marketplace, in addition to being proactive to economic changes to be sure the Credit Union has timely products and empathic policies to support our members who may be experiencing financial difficulty.

As part of our oversight, our committee regularly reviews denied loan applications to ensure every effort and consideration was given to meet our members borrowing needs. We also evaluate approved loans and monthly reports to ensure that LAFCU remains a financially sound institution, which is focused on meeting the needs of our diverse membership.

On behalf of the Credit Committee, we would like to thank the Board of Directors, and the LAFCU Team for all their efforts and support, and also would like to thank the members of LAFCU for the opportunity to serve them.

Diann Vsetula, Chairperson



SUPERVISORY COMMITTEE REPORT

The Supervisory Committee contracts Doeren Mayhew CPAs and Advisors to perform numerous audits and reviews to ensure LAFCU operates in a safe and sound manner and that LAFCU is compliant with state and federal laws. Doeren Mayhew reviews regulations to Board of Director policies and management procedures to ensure employees are operating within established parameters and follow to internal controls.

The Supervisory Committee contracted Andrews Hooper Pavlik PLC to perform an independent audit of LAFCU’s financial statements for the 2022-year end. Members can obtain a copy of the financial statements by calling 517-622-6520.

On behalf of the Supervisory Committee, I would like to thank LAFCU’s Board of Directors and the LAFCU Team for their cooperation and for a job well done in 2022. We look forward to serving our membership in 2023 and to the continued development and success of LAFCU.

Melvin C. Coleman, Chairperson

SUPERVISORY COMMITTEE
Melvin C. Coleman, Chairperson
Merritta Proctor, Member
Pam Starkweather, Member
Ben Frantz, Member
Brian Tribell, Audit Coordinator

TREASURER'S REPORT

LAFUCU provides low-cost financial products and services to meet the needs of our members at every stage of life. We continue to deliver service to our membership in many ways including our branches, drive-thru's, over the phone, and Online and Mobile Banking. It is our commitment to provide convenient banking solutions that are accessible when and where you need them. LAFUCU is proud to assist our members in achieving financial security. We continue to strive to reduce operating expenses, while providing the exceptional member service you have come to expect.

2022 HIGHLIGHTS

- 11.40% net worth ratio, well capitalized (highest classification attainable as determined by the National Credit Union Administration)
- \$361,036,395 loans disbursed

Thank you for the opportunity to serve you. We look forward to continuing to provide you with state-of-the-art financial solutions designed for your success.

Thomas Martinson, Treasurer

11.40%
Net Worth
Ratio

\$361,036,395
Loans
Disbursed

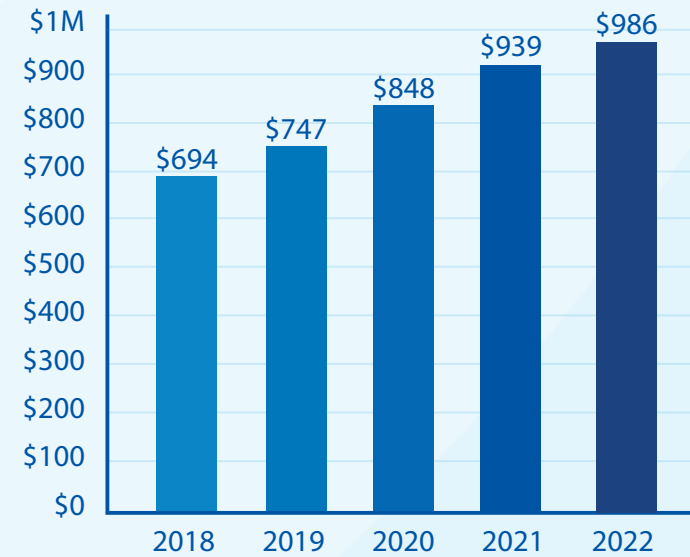
STATEMENT OF EARNINGS

| | Dec. 31, 2022 | Dec. 31, 2021 |
|---|--------------------|--------------------|
| Interest Income | | |
| Loans Receivable | 35,296,397 | \$30,793,463 |
| Investments Securities and Deposits | 2,711,605 | 1,289,673 |
| Total Interest Income | 38,008,002 | 32,083,136 |
| Interest Expense | | |
| Interest and Dividends on Members' Shares and Term Share Accounts | 3,602,403 | 3,851,459 |
| Interest and Borrowed Money | 516,002 | 143,099 |
| Total Interest Expense | 4,118,405 | 3,994,558 |
| Net Interest Income | 33,889,598 | 28,088,578 |
| Provision for Loan Loss | 5,009,700 | 2,698,800 |
| Net Interest Income after Provision for Loan Losses | 28,879,898 | 25,389,778 |
| Non-Interest Income | | |
| Non-Operating Gains (Losses) | (2,466,186) | 461,372 |
| Fees and Charges | 16,092,108 | 14,144,757 |
| Total Non-Interest Income | 13,625,922 | 14,606,129 |
| Non-Interest Expenses | | |
| Compensation and Benefits | 16,146,673 | 14,859,065 |
| Office Operations | 4,775,753 | 8,407,265 |
| Office Occupancy | 2,051,659 | 1,747,960 |
| Other Operating Expenses | 11,288,613 | 5,058,925 |
| Total Non-Interest Expenses | 34,262,699 | 30,073,216 |
| Net Earnings | \$8,243,121 | \$9,922,691 |

STATEMENT OF FINANCIAL CONDITION

| Assets | Dec. 31, 2022 | Dec. 31, 2021 |
|--|--------------------|--------------------|
| Cash | 26,597,227 | 43,728,490 |
| Interest Earning Deposits | 9,948,391 | 66,779,525 |
| Investment Securities | | |
| Available-for-Sale | 114,806,735 | 120,636,841 |
| Held-to-Maturity | - | 496,000 |
| Debt Securities | - | - |
| Loans to Members, net of Allowance for Loan Loss | 783,475,782 | 657,493,086 |
| Accrued Interest Receivable | 2,561,628 | 2,068,428 |
| Net Property and Equipment | 22,319,253 | 20,165,428 |
| NCUSIF Deposit | 7,508,495 | 7,617,131 |
| Other Assets | 19,044,864 | 19,779,473 |
| Total Assets | 986,262,375 | 938,764,629 |

TOTAL ASSET TRENDS (IN MILLIONS)



LIABILITIES AND MEMBERS' EQUITY

| Liabilities | Dec. 31, 2022 | Dec. 31, 2021 |
|---|----------------------|----------------------|
| Members' Share and Term Share Accounts | \$827,887,833 | \$822,911,375 |
| Certificates of Deposit - Other Credit Unions | --- | --- |
| Accounts Payable and Other Liabilities | 55,942,365 | 12,979,378 |
| Total Liabilities | 883,830,198 | 835,890,754 |
| Commitments and Contingent Liabilities | 0 | 0 |
| Members' Equity - Substantially Restricted | 102,432,177 | 102,873,875 |
| Total Liabilities and Members' Equity | \$986,262,375 | \$938,764,629 |

MEMBER SHARES TRENDS (IN MILLIONS)



MINUTES OF THE 86TH ANNUAL MEETING

The meeting was held virtually via Webex. The meeting began with an invocation at 5:01pm Harold Foster, Board President introduced UAW Local 652 Chaplin, Mark Baldwin. Mr. Foster welcomed everyone to the meeting. Harold introduced Patrick Spyke, Chief Executive Officer.

Pat introduced the members of the Official Family:

Board of Directors

Harold Foster—36 years

Mel Place—36 years

Tom Martinson—35 years

Tommie Culpepper—36 years

Jere Auvenshine—20 years

Paulette Warren—28 years

Randy Freeman—11 years

Sabrina Todd Emeritus Board Member, 4 years

Robert Zimmerman, Emeritus Board Member, 4 years

Supervisory Committee

Melvin Coleman—24 years

Merritta Proctor—13 years

Pam Starkweather—5 years

Ben Frantz—2 year

Credit Committee

Diann Vsetula—22 years

Belinda Hodge—20 years

John A. Lewis—20 years

Sami Goodman—10 years

Pat thanked each volunteer for their years of service and dedication. He recognized Tom Martinson for 35 years of service. He also recognized Jere Auvenshine, Belinda Hodge and John Lewis for 20 years of service and Sami Goodman for 10 years of service as a LAFCU volunteer. Pat thanked the Membership for choosing LAFCU and because of them, LAFCU had another amazing year. We ended 2021 with over 70,000 Members and \$939M in assets. We disbursed \$380M in loans to our Members. He thanked them for allowing LAFCU to be their Credit Union for Life. Pat recognized our award-winning team for their commitment and hard work in the midst of a global pandemic. Pat turned the meeting back over to Harold Foster. Mr. Foster thanked all of the volunteers on the Board of Directors, Supervisory Committee and the Credit Committee for all of the time they give this organization. He also thanked the Membership for their support.

Call to Order/Quorum/Approval of Agenda: Mr. Foster called the official 86th Annual Business Meeting to order at 5:20pm. Mr. Foster appointed Melvin Coleman Parliamentarian and asked if there was a quorum present. Melvin confirmed that a quorum was present. Harold asked for a motion to approve the Agenda that was posted in the Annual Meeting Booklet. Randy Freeman motioned to approve the agenda and it was supported by Tom Martinson. Motion carried without objection.

Election of Officers: Mr. Foster introduced Tom Martinson, Chairperson of the Nominating Committee. Mr. Martinson stated that in accordance with LAFCU's bylaws, notice was given to the membership in the Winter of 2021 newsletter, providing the opportunity for members to submit a request to the Nominating Committee to be placed on the ballot for the Board of Directors or the Credit Committee, or to place their names on the ballot by petition by March 1, 2022. No petitions were received. The Nominating Committee submitted the following Board of

Director candidates to the Board of Directors to fill the two expiring terms: Mr. Jere Auvenshine and Mr. Randy Freeman. These candidates were unopposed and thus each was elected by acclamation of the Board of Directors to serve a 3-year term. The Nominating Committee also submitted the following Credit Committee candidates to the Board of Directors to fill two Credit Committee expiring terms: Mr. John Lewis and Mrs. Sammie Goodman. These candidates were unopposed and thus were elected by acclamation of the Board of Directors to serve a 3-year term. Mr. Martinson congratulated Mr. Jere Auvenshine and Mr. Randy Freeman for being reelected to the Board of Directors and Mr. John Lewis and Mrs. Sammie Goodman for being reelected to the Credit Committee. This concludes the Nominating Committee Report. Randy Freeman motioned to approve the Nominating Committee Report and Mel Place supported it. Motion carried without objection.

Approval of the Minutes: A motion was received by Randy Freeman and supported by Mel Place to approve the minutes of the 85th Annual Meeting held on April 29, 2021 as printed in the Annual Meeting Booklet. Motion carried without objection.

Board of Directors' Report: The Board of Directors' Report was prepared by President Harold Foster and is printed in the Annual Meeting Booklet. Mr. Foster asked if there were any questions regarding this report. Hearing none, a motion was made by Mel Place and supported by Randy Freeman to approve the Board of Directors' Report as printed. Motion carried without objection.

Treasurer's Report: The Treasurer's Report was submitted by Mr. Tom Martinson and is printed in the Annual Meeting Booklet. Mr. Foster asked if there were any questions. Hearing none, a motion was made by Randy Freeman and supported by Paulette Warren to approve the Treasurer's Report as printed. Motion carried without objection.

Credit Committee Report: The Credit Committee Report was prepared by Mrs. Diann Vsetula, Chairperson and is printed in the Annual Meeting Booklet. Mr. Foster asked if there were any questions. A motion was made by Randy Freeman and supported

by Mel Place to approve the Credit Committee Report as printed. Motion carried without objection.

Supervisory Committee Report: The Supervisory Committee Report was submitted by Mr. Melvin Coleman, Chairperson and is printed in the Annual Meeting Booklet. Mr. Foster asked if there were any questions. A motion was made by Randy Freeman and supported by Tommie Culpepper to approve the Supervisory Committee Report as printed. Motion carried without objection.

Old Business: Mr. Foster asked if there was any old business to come before this body. There was none. Mel Place motioned to approve and Tom Martinson supported that no Old Business was brought before the body. Motion carried without objection.

New Business: Mr. Foster asked if there was any new business to come before the body. There was none. Tommie Culpepper motioned to approve and Mel place supported that no New Business was brought before the body. Motion carried without objection.

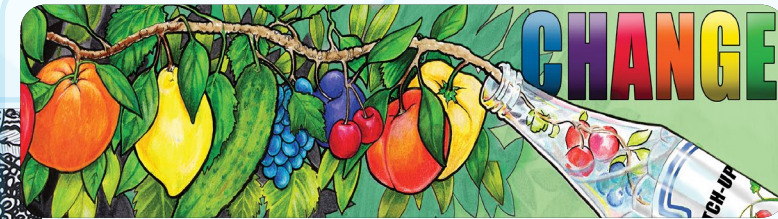
Adjournment: It was motioned by Randy Freeman and supported by Paulette Warren to adjourn the Annual Business Meeting at 5:32pm. Motion carried without objection.

GRAND OPENINGS. GRAND PARTNERSHIPS. GRAND TIMES.

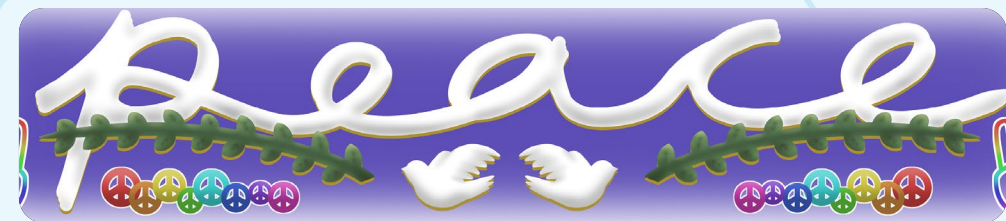
IN 2022 WE UNVEILED OUR WEST LANSING LOBBY RENOVATION AND TRIPLED OUR FLEET OF ATMS BY BUILDING A BRAND NEW PARTNERSHIP WITH QUALITY DAIRY. BOTH HAVE ALLOWED US TO BETTER SERVICE OUR MEMBERSHIP!



LAFCU nurtures an environment of respect; honoring Diversity, Equity and Inclusion by celebrating the strengths of our humanity. We're greater together when we're equal.



"Act with Love & Equality" is part of LAFCU's Diversity, Equity and Inclusion Art Initiative. This initiative was created to bring together Michigan artists and showcase their artwork using 10 words related to love & equality.





350 COMMUNITY SPONSORSHIPS



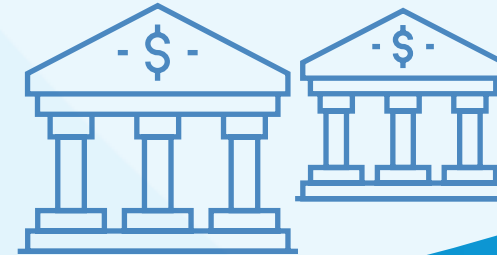
74,000+ MEMBERS

986 MILLION IN ASSETS



9,000 SOCIAL MEDIA FOLLOWERS

10 BRANCHES



MAKING A DIFFERENCE IN THE COMMUNITY SINCE 1936

HONORING HAROLD FOSTER

(1949 — 2023)

BOARD PRESIDENT SINCE 1985

Harold was kind, caring, and loving to all. He cherished time spent with his family and lived life to the fullest. He made an impact and a difference in everything he touched. Harold was a vessel for bringing forth the value of community, the importance of relationships and advocating for the greater good.

“A CEMENTED LAFCU LEGACY”

“HE WAS A PILLAR OF COMMUNITY”

HAROLD WILL BE GREATLY MISSED.



2022 RECOGNITION

CREDIT UNION JOURNAL BEST CREDIT UNIONS TO WORK FOR

CUNA ALPHONSE DESJARDINS AWARD

Pathway to Financial Transformation Program

BRANDON HALL EXCELLENCE AWARD

DEI (Diversity Equity and Inclusion) Program

SIAA (SERVICE INDUSTRY ASSOCIATION AWARDS)

Shields Up! Campaign — Electronic Advertising

DEI Internal Communication Program — Equality & Diversity Promotion

Pathway to Financial Transformation — Total Public Relations Campaign

QD Spot the Savings Partnership — Total Public Relations Campaign

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YOUR CREDIT UNION FOR LIFE

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