

2021

ANNUAL REPORT



2021 LEADERSHIP REPORT

As Fort Financial closed the books on 2021, we entered our 75th year of service. The credit union not only endured a volatile climate but excelled in growth and performance over the past year. The pandemic continued to be a headwind and a constant wave of chaos that had to be managed and navigated. I am grateful for a fantastic staff and board of directors that have helped the credit union achieve great results and continue to build momentum for a great future.

We launched our new brand and logo. Our strategy was to be set apart from most other financial institutions and promote an image that is more modern. We worked with our marketing agency to assist with the colors and designs. In addition, we partnered with the University of Saint Francis' senior graphic design class to design our new credit and debit cards.

The credit union exceeded all previous records with new loan origination. We assisted more members with vehicle purchases, home purchases and home refinances than ever before. We originated over \$143 million in new loans, \$43 million of which were mortgages.

Congress' Consolidated Appropriations Act, 2021 provided grants to support, prepare for and respond to the economic impacts of the COVID-19 pandemic.



To deploy these resources, the Community Development Financial Institutions Fund (CDFI Fund) developed the CDFI Rapid Response Program (CDFI RRP). The program was designed to quickly deploy capital to certified CDFIs to help distressed and underserved communities respond to the economic impacts of COVID-19 pandemic.

Fort Financial is a certified CDFI and provides loans to underserved communities. We had only a few weeks of time to prepare and meet the CDFI deadline to apply. In June we were notified that the CDFI awarded the credit union \$1.8 million. These funds were allocated directly to capital to allow the credit union to continue to grow with less regulatory restrictions.

We continued to push forward with several initiatives planned for the year. The first was a new online banking and mobile app. Our new app brought additional features and functionality to our members. The second was the construction of our new headquarters in Fort Wayne.

The \$9 million and 28,000-square-foot development will provide service to our northwest Fort Wayne members. It will also give us more public visibility from a busy intersection. Most importantly, it gives us the badly needed additional office space and room for future growth. The building is scheduled to be completed in September of 2022.

A disappointment of the past year has been a class-action suit filed against the credit union. The suit is conducted by an out-of-state attorney that has discovered a technical flaw in state regulations for alleged errors in collection notice verbiage. This attorney firm has suits in several states, against several financial institutions. Unfortunately, Fort Financial has become

the second financial institution in Indiana to battle this attorney. To appropriately reserve for the fight and potential damages, the credit union created a reserve for \$1.8 million. The hearing is scheduled for Spring 2022.

Overall, 2021 was an extraordinary year. We thank the staff for all the hard work and efforts. We thank our board for providing outstanding leadership. And most importantly, we thank our membership for choosing Fort Financial.

Sincerely,

Jeff Leichty, Board Chairman
Steve R. Collins, President and CEO

Coming Soon: September 2022

NEW CORPORATE HEADQUARTERS



2021 FINANCIAL REPORT

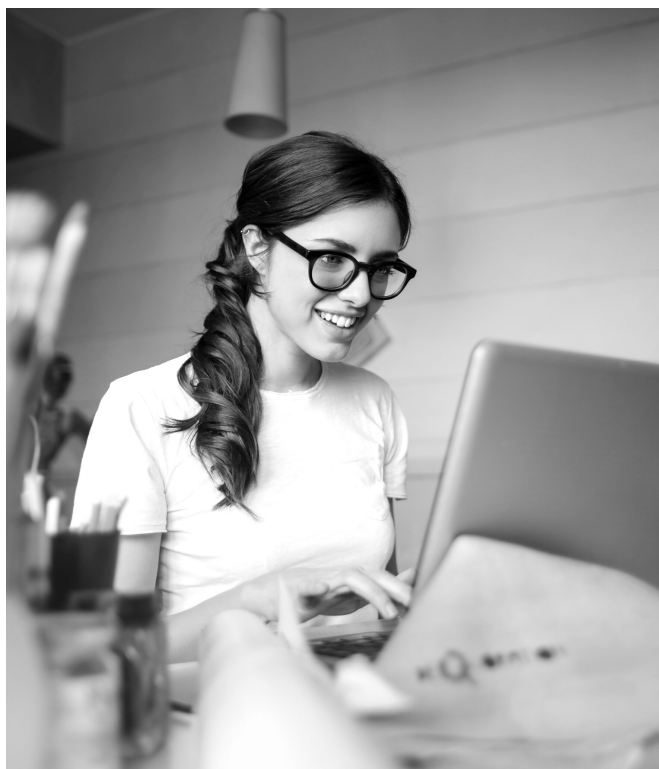
For the year ended 2021, the credit union had a net income of \$3,339,317. This was more than double 2020's net income of \$1,552,530. One of the main reasons for the increase in net income was due to interest income on loans increasing by over \$2MM. Both mortgage and auto loans saw record growth during the year. This growth was the result of pent-up demand from the prior year and the continued historically low interest rates.

The net interest income after the provision for loan loss was \$11,269,492 with a budget variance for the year of +13.69%. Total operating expenses for the year were \$14,209,623. The overall variance for total operating expenses was basically right at budget for the year, with a favorable variance of +1.10%. Total other operating income was \$6,279,445 or 22.41% better than budget.

Loans outstanding ended the year at \$250.6MM up over \$41MM from 2020. The largest increase in the portfolio, again as in previous years, came from first mortgages and indirect auto loans. Along with the exceptional loan growth, member deposits also saw significant growth in 2021. Total deposits finished the year up almost \$37MM at \$295.4MM, which was an increase of over 14.19%.



In summary, in 2021 the credit union was able to achieve record earnings and strong loan and share growth while meeting the ever-changing needs of our members. The credit union continues to be classified as well capitalized by the NCUA with a capital ratio of 9.30% as of the end of 2021. While the credit union achieved positive earnings in 2021, the large increase in deposits did cause a slight decrease to our capital ratio from 9.79% in 2020. However, our current level of capital continues to provide us adequate reserves to protect against most financial crisis while not being too large that it would restrict future growth.



2021 SUPERVISORY COMMITTEE REPORT

The Supervisory Committee is responsible for the continued review of credit union activities, ensuring that financial records are accurate and internal controls are in place to protect the credit union and our member's assets. The Committee accomplishes this by overseeing various audits, financial analysis and procedural reviews.

The credit union engaged with an outside CPA auditing firm to conduct an audit of the December 31, 2021 financial statements. Their previous audit did not disclose any material discrepancies and indicated that accounting records are maintained in accordance with generally accepted accounting principles and federal credit union guidelines.

We appreciate our members' involvement and commitment to Fort Financial Credit Union. The Committee pledges to remain current on credit union issues and respond to any questions in 2022.

Scott Beam
Val Eakins
Karen Platt



FINANCIAL STATEMENT

ASSETS	2021	2020
Credit card loans	13,034,776	12,760,327
Real estate loans	68,343,041	53,463,098
All other loans	169,222,253	143,374,584
Allowance for loan loss	(2,712,098)	(2,219,611)
Cash on hand	3,979,647	4,170,099
Investments	50,921,255	51,064,831
Land and building	9,079,999	6,573,260
Other assets	13,133,329	12,820,521
TOTAL ASSETS	325,002,202	282,007,109

DEPOSITS	2021	2020
Liabilities		
Certificates	24,941,635	27,454,294
Share drafts	64,119,278	58,566,841
IRAs	14,210,853	13,562,195
All other deposits	192,210,092	159,177,631
TOTAL DEPOSITS	295,481,858	258,760,961

Other liabilities	3,283,863	1,127,400
Equity capital	26,236,481	22,118,748
TOTAL EQUITY AND LIABILITIES	325,002,202	282,007,109

OPERATING STATEMENT

INCOME	2021	2020
Interest on credit cards	830,189	907,902
Interest on other loans	11,998,653	8,968,312
Income on investments	325,322	587,031
Miscellaneous income	6,279,445	5,471,008
Other gains or losses	---	11,468
TOTAL INCOME	19,433,609	15,945,721

EXPENSES	2021	2020
Salaries (wages)	5,209,724	4,623,129
Benefits	2,029,242	1,673,925
Travel & conference	149,562	146,473
Association dues	27,545	28,433
Office occupancy	730,539	684,111
Office operations	3,608,176	3,132,676
Loan servicing	1,771,094	912,134
Outside services	759,115	783,483
Operating fee (NCUA)	58,203	63,972
Miscellaneous	(133,577)	44,020
TOTAL OPERATING EXPENSES	14,209,623	12,092,356

DISTRIBUTION OF INCOME	2021	2020
Dividends (all accounts)	635,496	770,426
Provisions for loan losses	1,249,173	1,530,315
Interest on borrowed money	---	94
NET INCOME TO UNDISTRIBUTED EARNINGS	3,339,317	1,552,530

LEADERSHIP

Board of Directors

Jeff Leichty, Chairperson
Indiana Tech, VP/CIO

Shelly Musolf, Vice Chairperson
Indiana Tech, Controller

George Eldridge, Secretary
Dana Corporation, Retired

Tammy Long, Treasurer
TransUnion, Major Account Executive

Steve Collins, Board Member
Fort Financial, President & CEO

Sarah Delgadillo, Board Member
Wabash City Schools, Director of
Global Citizenship

Bryan Sharp, Board Member
PERRY proTECH, Account Manager

Darius Darling, Associate Board Member
Brotherhood Mutual, HR Generalist

Supervisory Committee

Scott Beam, Committee Member
Custom Patio Solutions, Owner

Val Eakins, Committee Member
Ivy Tech, Executive Director of
Administration

Karen Platt, Committee Member
Fort Financial, Retired

Executive Staff

Steve Collins, President & CEO

Rob Anderson, VP of Information
Technology

J. Arnold, VP of Lending

Michael Stratton, CFO & VP of Strategic
Services

