



82nd Annual Meeting
March 20, 2021



Welcome to our Family!



Program

Introductions

Elections

Business Meeting

Minutes of the 81st Annual Meeting

Report of the Chairman, Board of Directors

Report of the CEO

Report of the Treasurer, Board of Directors

Report of the Supervisory Committee

Report of the Credit Committee

New Business

Report of the Credentials Committee

Adjournment

Numbers of Interest

6,471	Members Strong
\$18,164,372.32	Amount of loans made during the year
3,277	Number of loans made during the year
152,596	Amount of total loans since organization
\$506,203,823.40	Total number of loans since organization



MISSION STATEMENT

Family First Credit Union provides a full range of financial products and services in a prompt and friendly manner.

VISION STATEMENT

Family First Credit Union will be a safe and sound financial institution offering our members and potential members competitive products and services during their lifetime.

CORE VALUES

Philosophy – We are a non-profit organization that believes in the credit union philosophy of “Members Helping Members”.

Ethical and Legal Behavior – We conduct business with integrity, trust, privacy, confidentiality, accountability, and mutual respect.

Member Service – We provide our members with a high level of professional service and respect.

Teamwork – We work together to achieve common goals and evaluate our progress.

Staff Development – We provide guidance and motivation to our staff through communication, policy development, and education.

Adaptive to Change – We are an organization that adapts to change to meet future challenges.

Organizational Growth – We will provide future growth opportunities through innovation, performance and planning initiatives.

Community Service – We dedicate our time and resources to causes that make a difference in our communities.



81st Annual Meeting

Saturday, March 14, 2020

Kochville Veterans Hall



The meeting was called to order at 5:25 p.m. by Chairman, Maurice Patterson. He welcomed the members in attendance to our 81st Annual Meeting. Chairman, Patterson began by apologizing to those in attendance for any inconvenience with the short notice in cancelling the dinner and entertainment portion of the Annual Meeting but Family First wants to make an effort to in combat the spread of the Covid-19 virus. Therefore, at a meeting of the Board of Directors on March 12, 2020, it was decided to cancel the dinner and entertainment portion of the event.

DISTRIBUTION OF BALLOTS

Ballots were distributed to members as the checked in before the beginning of the meeting and asked not to vote until nominations have the floor had been closed.

BOARD OF DIRECTORS PRESENT

Chairman, Maurice Patterson; Vice Chairman, Ricardo Longoria; Treasurer, Joseph Turner; Secretary, Patricia Jacob; Director, Rayunza Chism-Hood

SUPERVISORY COMMITTEE PRESENT

No Committee members were present.

CREDIT COMMITTEE PRESENT

Chairperson, Lori McGarrity; Member, Belinda Barlow-Poole

STAFF PRESENT

Fran Gibelyou, Janie Smith, Tommi Lough, Kim Webber, Paula Hudson, Candace Lachcik, Michele Fayfer, Cathy Honeman, and Colleen Gray.

ELECTIONS FOR 2020

Chairman, Patterson announced the two nominees for the Board of Directors. The nominees were Ricardo Longoria and Rayunza Chism-Hood. He then called for nominations from the floor for the Board of Directors. Hearing none, nominations were closed. Rayunza Chism-Hood moved to close the nominations for the Board of Directors, seconded by Ricardo Longoria.

Adopted Unanimously

Chairman, Patterson next announced the two nominees for the Supervisory Committee. The nominee were Linda Burks-Jackson and Karl Primdahl. Chairman, Patterson called for nominations from the floor for the Supervisory Committee. Hearing none, nominations were closed. Rayunza Chism-Hood moved to close the nominations for Supervisory Committee, seconded by Ricardo Longoria.

Adopted Unanimously

Chairman, Patterson continued with the announcement of the two nominees for the Credit Committee, Kennie Kempter and Belinda Barlow-Poole. Chairman, Patterson then called for nominations from the floor for the Credit Committee. Hearing none, nominations were closed. Ricardo Longoria moved to close the nominations for Credit Committee, seconded by Rayunza Chism-Hood.

Adopted Unanimously

Chairman, Patterson instructed the members who had not already voted by absentee vote to complete their ballot at this time and return them to Tommi Lough. There was a short recess while the Credentials Committee collected and counted the ballots.

BUSINESS MEETING

MINUTES OF THE 80TH ANNUAL MEETING

Chairman, Patterson asked that the members and staff spend a few moments reviewing the minutes of the 80th Annual Meeting held on March 2, 2019, at the Kochville Veterans Hall that were contained inside the Annual Report of the credit union that was provided to each member in attendance. Chairman, Patterson then asked if there were any changes recommended. Hearing none, Vice Chairman, Longoria moved to approve the minutes as printed, seconded by Rayunza Chism-Hood.

Adopted Unanimously

REPORT OF THE BOARD OF DIRECTORS

Chairman, Patterson thanked everyone again for attending our 81st Annual Meeting. Chairman, Patterson mentioned his full report was included in the booklet. He continued by thanking staff for doing an outstanding job in 2019, noting that the last five years have been tough, but this last year has been rough. He noted that we had to make some changes that Treasurer, Turner will go over in the Report of the Treasurer. He commended CEO, Gibelyou and her staff for their hard work. CEO, Gibelyou responded by saying that she could have not done it without her staff and the support of the Board of Directors and the Supervisory and Credit Committees working together.

Chairman, Patterson introduced the official family, asking those present to stand. Board of Directors: Vice Chairman, Ricardo Longoria; Treasurer, Joseph Turner; Secretary, Patricia Jacob; Director, Rayunza Chism-Hood. Supervisory Committee: There were no Supervisory Committee members present. Credit Committee: Lori McGarrity, Chairman; Belinda Barlow-Poole – Member.

REPORT OF THE CEO

CEO, Gibelyou thanked everyone for coming to the meeting this evening. She mentioned that her full report was contained in the booklet and urged everyone to take a moment to review it. CEO, Gibelyou noted that she was grateful of everyone working together, through everything we've gone through as a credit union and wanted to thank her staff and asked those in attendance to stand. Jane Smith, CFO; Paula Hudson, Loan Officer; Kim Webber, CLO; Colleen Gray, Marketing; Kandie Lachcik, Marketing; Cathy Honeman, Accounting; Michele Fayfer, Mortgages; Tommi Lough, Administrative Assistant & Marketing.

REPORT OF THE TREASURER

Treasurer, Turner was introduced by Chairman, Patterson to give the report on the Financials from 2019. Treasurer, Turner began with saying while preparing for his report this evening he considered the economy and the times we are going through today and what we might face in the next year in comparison to the last year. For the credit union itself the last several years have been a struggle, but as you hear my report, you will hear that things have changed dramatically. In part it has changed by the collaboration that you've already heard between the Management, Staff, Board and the Supervisory and Credit Committees working together and making us stronger. Even when we've had rather intense discussions, they were still fruitful as we discussed what needed to be done and the best course of action.

Treasurer, Turner continued with saying that when he was a young guy an older gentleman that had been divorced several times offered to give him some advice on love and money. What he told me struck me. It's true that money won't buy you love, but it sure puts you in a good bargaining position. So, today as we talk about the monies of the credit union, we are in a better bargaining position today than we were before. In part because we have more knowledge and in part because we worked with others.

Treasurer, Turner went on to describe a little bit of the circumstances that existed as he talked about what happened last year and then will take a little look to the future. 55% of Michigan's population belongs to a credit union, nationwide is approximately 37%. There's 219 credit unions in Michigan and about 5,400 across the country. Credit unions are ranked by assets, and those less than \$20 MM in assets, those between \$20MM-\$50MM, those between \$50MM-\$100MM, those between \$100MM-\$250MM, those between \$250MM-\$500MM, \$500MM-\$1 Billion and over \$1 Billion in assets. We are a moderate or medium sized credit union at approximately \$78MM in assets. We are in a group of about three different groups that comprise 60% of all the credit unions in the state of Michigan. With approximately 6,300 members, the average for our peer group is approximately 8,000 members. So, we are a little lower than our peers, but we try to structure everything that we do upon what is best for our group. We all know that the population is aging and there are a few trends that you should be aware of. They are important to our credit union and it will be a part of my pitch this evening. The number of new loans that each of these groups of these credit unions is getting has been dropping consistently. It's gone from 10.7% in 2015 to 7.2% today. The credit union needs to loan out money to make money. So, this is a trend state-wide that we need to counter. So, we have taken some youth initiatives to do that. Savings are rising, in 2013 the rise in Savings rates was 4%, today 7.27%. What that means is people are depositing more money into the credit union with the expectation on receiving a decent interest rate on their savings and CDs. Remember, I said that there were 219 credit unions in Michigan today, 10 years ago there were 333 credit unions. There's mergers and acquisitions happening all across the state changing the financial landscape and we are a survivor. We came through the last 10 years as over 100 credit unions were merged or acquired and we're still here. As Chairman, Patterson pointed out, we had some problems in the past, from some decisions that were made for growth purposes, that didn't work out created a great financial stress on this credit union. With the great leadership and work of Fran and Jane and their staff, have done a great job on turning this credit union around.

So, what types of collaborative activity happened in this last year? The first thing that happened is that we regularly tapped the knowledge and wisdom of those people that we could go on how we can improve our services, become more efficient and improve the financial health of the credit union. We met with the State Examiners and Auditors and professional consultants on a regular basis. Many of the Board Members and Management staff attended weekly classes provided by CUNA and learned more about the intricacies of financial reporting the things that drive credit unions decisions and marketing those efforts for results.

Using the wisdom that we discovered and the knowledge we uncovered by doing these actions, there were several different things that happened. CFO, Smith refined financial spreadsheets making them easier to interpret while offering more information than previously reported. These changes make it easier to make financial decisions when you have all the appropriate numbers compiled for different scenarios. We invested \$149,000 last year on digital equipment and electronic services to enhance members evolving banking needs, such as mobile deposit. CEO, Gibelyou and CFO, Smith have worked tirelessly on increasing our yields and profits while minimizing costs. One way of doing that was by reviewing our vendor contracts and making negotiations during the renewal process, in some cases resulting in more benefits for the credit union.

Along with the leadership of Amanda LaTarte in Collections and our CLO, Kim Webber in lending, there have been really good results in the underwriting of loans and the collection process on defaulting loans. Collections efforts on defaulted loans and the outstanding balances on these loans that we need to collect on have been reduced by 45% year over year. These results are quite remarkable and addresses the issue of communication among staff members themselves. The latest data showed an increase on loan yield, or what we make on loans has increased. The yield rose from 4.45% to 4.66% on new loans. That is another indicator of changes that happened over the last year that are making your credit union stronger, that you can be proud of.

Another way of looking to the future in light of current economic indicators is board, committee and staff members discussed looking at longer term loans and making suggestions on ways to minimize the risk to the credit union on longer term loans, and ensuring sound Indirect Dealer loans as the economy is facing another recession. We want to ensure that strong underwriting practices are used when booking these loans to minimize the potential risk.

Treasurer, Turner mentioned that we must be aware of our competitors and the services and rates they are offering to put the credit union in a competitive mid-range in comparison to our competitors. This also makes us aware when “rate shoppers”, or people who survey credit unions for the best rate and also those members who try to negotiate a higher rate on their maturing CD by having the credit union match the rate offered by the competitor credit union to avoid losing the funds on deposit. We need to ensure these are being done in the best interest of the credit union. He noted that our typical rollover rate of our CDs is approximately 90%, and feels that is due to our competitively priced CD products.

As a way to diversify our loan portfolio and protect ourselves from defaults on consumer loans, we began commercial lending. Of the 219 Michigan credit unions noted earlier, approximately 45% of them will participate in commercial loans. We have partnered with a company called Commercial Alliance to help us facilitate along with our Member Business Loan committee and credit union staff’s to review what is called a Participation Loan options.

If someone wanted to borrow \$10 million dollars for a building venture, wouldn't come to us to finance that amount of money. Commercial Alliance has consultants review the loan request before offering it to credit unions and offer "parts" of the of the loan balance to several credit union to cover the balance of the financed loan. Depending on the level of the comfort of the credit union, typical amounts are about \$250,000. This minimizes the risk to the credit union by only funding a small part of the loan balance but offers a higher rate of return then we may be able to on our consumer loans with a lower default rate.

Treasurer, Turner continued with mentioning that there are a number of credit union families that have not taken full advantage of all of the credit union services we offer such as our VISA Credit and Debit Cards. We tried to implement a program that would encourage our members to be informed of all the services that were available and for them to engage in the services designed to enhance their financial wellbeing. Staff has done a really good job in informing the members and we did an analysis and found that when our existing members adopt more services with the credit union for every dollar that it costs us to communicate the information to them we get about \$5.70 in return. This is another reason why we are stronger today than we were last year. CFO, Smith knows more about that and will go over that a little later in the meeting.

The take-a-ways from what I reported to you last year was that we were stronger in 2018 than we had been the several previous years. Today I leave that message with you, we are much stronger today than we were in 2019. Many of the issues that we had encountered in the past have gone away, things look better from my perspective than they have in the past. We are flush with cash and if you know anyone who is looking to borrow money, we encourage you to send them to Family First Credit Union.

As you heard in my opening remarks, that there are about 30% fewer credit unions than there were 10 years ago, we've begun an initiative to attract younger people, by a recent sponsored art event where we offered the winners an opening deposit when establishing a credit union membership with us and partnering with a youth group to provide financial training and encouraging them to join by offering an account opening deposit. Treasurer, Turner encouraged the parents and grandparents to open accounts for their loved ones. He noted that he opened accounts for his grandkids years ago, and when they would come over to do chores; as a way to teach them good savings habits he would take 10% of what they made off the chores and deposit it into their savings account. As a result, one of his grandkids is now working and has a nice little nest egg that he can use to open an IRA Account and start saving for retirement that he may not have had without the financial guidance, and that investment could grow to tens of thousands of dollars during his lifetime.

One last thing that I would like to address this evening is with the uncertainty of the economy and the Coronavirus pandemic and with everything else that is going on; that we know that there will be turbulent times ahead and that this credit union, more than a year ago began to plan for any contingencies in the future, we've had many discussions on what to do if the economy begins to sour and we feel

prepared to address and mitigate and circumstances that could arise, and responses are in place for us to make informed decisions.

In closing, Treasurer, Turner also wanted to congratulate CEO, Gibelyou who is celebrating her 35th Anniversary with Family First Credit Union this year.

CFO, Smith began with mentioning that last year was a very busy year for us and our whole goal in doing so, it to convey the message that we are family and we are with you for life. Everything we have worked on this past year has really been on how we can enhance our members' lives.

We are really trying to focus on families and by rewarding the young kids. One of the items we instituted was a new program for the kids 0-13 years and youth members 14-17 years where we are rewarding this young folks by matching their account opening deposits up to \$25, offer account deposits for Report Cards and completed deposit punch cards. The Kids and Youth members also receive a birthday card in the mail to bring in to be entered in to a drawing for a \$25 account deposit. Youth accountholders are also eligible to open a checking account with a debit card. We are trying to get the younger members excited about savings money and promote regular trips to the credit union to make deposits to begin good savings habits and money management before they enter adulthood. We also have a Youth CD, through age 23, which pays a higher rate of interest than a savings account and matures every 4 months.

Another new product offered last year was SecurLock, this is something that we are really proud of since a lot of larger credit unions don't offer. This app gives our members the ability to block their FFCU VISA Credit and Debit card instantly if they have lost it, live updates of purchases, restrict spending amounts, or designate approvals by region. If you are interested in this, stop into the credit union and any of our staff can help you set that up on your phone.

The next thing I want to talk about is ScoreCard. We've had ScoreCard for a number of years, but I don't think a lot of members understand what a great benefit this is. Every purchase you make with your FFCU VISA Credit Card, and every purchase you sign for with your Debit Card earns you points. We have the ability to "household" these points, meaning that we can join cards for example; husband and wife's debit cards and credit cards are linked together and pooled into one bucket to earn points faster to redeem for rewards of gifts and travel. If you haven't already set your ScoreCard rewards up with the household option, again, stop into the credit union and we can have a staff member assist you.

We've also added some new insurance products for our members. A lot of times when members buy the Extended Warranty service from the dealer it is really expensive. We can now offer a Mechanical Repair Coverage option as a lower cost alternative through the credit union when purchasing a used vehicle. Another partnership we have is with TruStage Insurance. They have a variety of insurance options for Auto,

Home, Life and Health that many times are a lower cost than other insurance companies. GAP Coverage is available for your vehicles at a more affordable cost that you can get elsewhere. GAP in many cases will cover the “gap” on what your vehicle is worth and what you may owe in the event your vehicle is totaled. We also have Pet Insurance, there are three different levels available at different costs dependent on your desired covered services.

We’ve also added some new insurance products for our members. A lot of times when members buy the Extended Warranty service from the dealer it is really expensive. We can now offer a Mechanical Repair Coverage option as a lower cost alternative through the credit union when purchasing a used vehicle. Another partnership we have is with TruStage Insurance. They have a variety of insurance options for Auto, Home, Life and Health that many times are a lower cost than other insurance companies. GAP Coverage is available for your vehicles at a more affordable cost that you can get elsewhere. GAP in many cases will cover the “gap” on what your vehicle is worth and what you may owe in the event your vehicle is totaled. We also have Pet Insurance, there are three different levels available at different costs dependent on your desired covered services.

Lastly, a lot of time and energy was put into the launch of our new website. We just launched it last week, it is still a work in progress, but encourage you to visit.

REPORT OF THE SUPERVISORY COMMITTEE

CFO, Smith delivered the report of the Supervisory Committee contained in the Annual Meeting booklet in the absence of committee members. The Supervisory Committee’s primary function is to make sure the credit unions annual internal audits of the credit union are performed. Financial Standards Group, Inc. are currently performing these two audits now and do not have results to report at this time, but will report them in the future. The Supervisory Committee also monitors our financials and that the internal controls are within credit union procedure and policy. In short, they insure that honest people are being honest and doing our job in serving the membership.

Before moving on to the Report of the Credit Committee, Chairman, Patterson asked if anyone had any questions for Treasurer, Turner or CFO, Smith on their reports. With no questions presented, CEO, Gibelyou introduced Credit Committee Chairperson, Lori McGarrity.

REPORT OF THE CREDIT COMMITTEE

Credit Committee Chairperson, Lori McGarrity to provide the report of the Credit Committee. She stated that in 2019, the Credit Committee approved 3,528 loans for a total of \$13,041,747. The number of loans since organization is 149,319 for a total amount of \$488,039,451 to our members.

REPORT OF THE CREDENTIALS COMMITTEE

Chairman, Patterson asked Secretary, Jacob to deliver the results of the election. He also thanked her for her work since he had missed a Credential Committee meeting. Before providing the election results, Secretary, Jacob took a moment to thank all the credit union volunteers for their work in making Family First Credit Union successful. Also, thank you to our members who took time to vote, and for attending our 81st Annual Meeting even with the change in events. Results for the 2020 election are as follows: there were ballots 80 returned, and 1 voided, with the following results: Board of Directors (3 year term), Ricardo Longoria and Rayunza Chism-Hood; Supervisory Committee (3 year term), Linda Burks-Jackson and Credit Committee (3 year term), Kennie Kempter and Belinda Barlow-Poole.

Chairman, Patterson called for a motion was called for to accept the results of the 2020 election from the Credentials Committee. Rayunza Chism-Hood made a motion to accept the 2020 election results and was seconded by Kim Webber.

Adopted Unanimously

Before closing, Chairman, Patterson wanted to recognize our Board of Director Emeritus, Dave Rupp who served on the Board of Directors for over 20 years. Dave is usually in Florida during the Annual Meeting, so it is nice to see him in attendance.

ADJOURNMENT

It was noted that there were only 26 members in attendance. Chairman Patterson asked the members present if there was any further business to come before this meeting. There being none, he called for a motion to adjourn. Rayunza Chism-Hood made a motion to approve adjournment at 5:58 P.M., the motion was seconded by Kim Webber.

Adopted Unanimously

Chairman-Maurice Patterson

Secretary-Patricia Jacob

Recording Secretary- Tommi Lough

Message from the Chairman



Maurice Patterson

A handwritten signature in black ink, appearing to read "M. Patterson", written in a cursive style.

First, allow me the opportunity, on behalf of the Board of Directors, to thank our members for your patience and understanding for waiting in long lines in the drive-thru lanes and abiding by pandemic protocols, practicing social distancing and mask wearing when our lobbies were opened. We realize, it was an inconvenience, but necessary, as we all tried to do our part during this pandemic. I also would like to give a huge Thank You to CEO, Fran Gibelyou and staff for your leadership, decision making and guiding us through these difficult times. A Thank You also goes to our frontline staff, our essential workers, who selflessly and tirelessly agreed to work in the middle of a pandemic to serve our members. Thank You All!

We are living in unusual times. I think I speak for most people when I say we're excited 2020 is behind us. Last year was full of uncertainty and unknowns that required global change. I am not saying 2021 will be free of the pandemic, uncertainty or unknowns, with life being back to "normal", but at the moment, it appears hopeful.

The same thing can be said about banking, unusual times. The stock market is higher than it's ever been before, but unstable at the same time. Federal Reserve has kept interest rates at zero percent. Crude Oil prices was -\$30.00 a barrel. They were paying to get rid of it. The housing market is booming, car sales are up, and businesses have hiring signs in every window, all at a time when millions of Americans are still out of work. Lastly, we are holding our annual meeting virtually. However, Family First, through all of the chaos was forced to change in ways once considered unimaginable and even in some cases improbable, but we were up for the challenge. Your Board of Directors worked closely with staff to best serve you, our members. Closing lobbies when necessary and taking the necessary steps for your safety when we were open.

During these unusual times, we ventured into uncharted waters and new skills had to be learned quickly, Zoom meetings. For the past year your Board of Directors and committees continued to meet with Zoom meetings becoming the norm. New methods and processes had to be developed, with more to come. We put plans in place to allow our members options to continue to meet their financial needs. With everyone staying in, we made sure banking could be done from home. This produced a spike in bill pay and mobile banking. Members were able to deposit checks from their cell phones as well as transfer funds more than the limit of six times per month without penalty, and for the first time, future members could join online. Through it all, Family First has prevailed. Delinquencies are down, charge offs are down, membership is up from last year by more than 150 new members and our assets are up more than 11% from a year ago, surpassing \$90M for the first time. In these unusual times, no one knows how the other side of this pandemic will look. There are many questions that need to be answered, by all of us. We realize going forward we need to express a clear and concise vision for the immediate future, addressing members increasing customer expectations. As we continue to work together, Management, Staff, Board of Directors, Committees and You, our members, our future certainly looks hopeful. Our best is yet to come.

Message from the CEO

I am very pleased to report to you that Family First Credit Union reported a record and profitable year in 2020. Despite the COVID-19, and a jobless decline due to the pandemic, your credit union remains both financially safe and sound.

The beginning of a new year will bring major technological upgrades at the credit union. We will replace servers for all three branches that will better meet our current data processing needs. We signed a contract with Fiserv, our core data processing provider, to upgrade our current NetBranch online banking product. This new virtual banking platform will enable us to offer you one of the best products in the industry.

Although these projects require a substantial investment by the credit union, we strongly believe that these enhancements will enable our organization to surpass our competitors and deliver a more efficient and streamlined operation to our members.

We continue our commitment to hiring and developing the most competent and dedicated credit union professionals in the area. This is a critical component to providing you with exceptional member service. We implemented a new training system through CUNA, which will ensure that we provide our employees with the product knowledge and sales skills necessary to provide you the exceptional member service you deserve and expect.

As we move forward into 2021, there will be more challenges ahead. However, I remain confident that the Board of Directors, Official Family, and staff members are ready to meet those challenges. These dedicated individuals work tirelessly to ensure that your credit union meets your financial needs in the most efficient and professional manner possible. This has enabled the credit union to grow and prosper financially while some of our competitors have been merged out of business.

Finally, your credit union's overall record performance this year is a testament to our daily commitment of serving you, our members. I invite you to strengthen your financial relationship with your credit union, and I sincerely thank you for sharing your financial hopes and dreams with us.



Frances Gibelyou

A handwritten signature in cursive script that reads "Frances M. Gibelyou". The signature is written in dark ink on a light-colored background.

Board of Directors Treasurer Report



Joseph M. Turner

TREASURER, BOARD OF DIRECTORS

Here is my perspective based upon past trends, our experiences and what we anticipate for the future.

How we compare with other credit unions

- CU membership- in Michigan 55% of the Population belongs to a CU (5.5 Million members)
- 37% of U.S. population belongs to a credit union
- Family First is one of 217 CUs in Michigan and 5241 across the U.S.
- Credit Unions are ranked by “Assets” expressed in Millions of dollars. Categories are:
- under \$20, <\$20-\$50>, <\$50-\$100>, <\$100-\$250>, <\$250-\$500>, <\$500-\$1 Billion>, over \$1Billion
- Our assets place us in the mid-sized category (60% of all credit unions are with-in the \$50 - \$250 million category)

Having almost 6,500 members, places FFCU within the top 25% of CU's in the \$50-\$100 million category.

As the Board Treasurer of Family First Credit Union, I am here to report that Family First Credit Union is stronger today than last year. Earnings are up. Losses are down. Information about how that happened and what goes on behind the reported numbers follows.

Financial institutions face a modern world where retailing has been dramatically affected by the internet. Interest rates have plummeted and are expected to stay low for quite some time. Sales of big-ticket items such as housing and auto sales have skyrocketed due to bargain monthly payments created by low interest rates. Consumer demand has been stifled.

During 2020, we all experienced wave-after-wave of challenges in our lives. Normal routines were disrupted, our children were schooled from living rooms, businesses were left trying to find new ways of making money, unemployment shot up, stimulus checks were necessary, and families isolated from the world. The challenges remind me of the words of Jon Kabat-Zinn who said: “You can’t stop the waves, but you can learn to surf.”

One long term trend in the entire financial industry has been mergers and acquisitions, which result in fewer choices for the consumer. Nationally, the number of Credit Unions declined by 2.8% in 2020. In 2009 Michigan had 333 credit unions. Today there are 217. In 2020 credit unions dropped from 5391 to 5241 (2.8%). Because the decline is primarily the result of mergers and acquisitions, the number of credit unions having over \$1 Billion increased by 20% percent recently. Similar trends exist in the banking industry.

Emerging Market Trends: Loans down Savings up

As people pay off debt and save, the trend of new loans (loan growth) is dropping. In 2015, by 7.2% and in 2019 at 10%. Housing prices and sales continue to be strong. However, consistent with paying off debt, 2020 saw more refinanced housing loans than new mortgages. Nationwide, saving of disposable income is up: in 2013 it was 4%. Then, 7.27% in 2019. In 2020 it at 13%.

Family First 2020 Review

2020 and the pandemic required Family First to draw heavily on the expertise of its management team, board of directors, our consultants and state officials to find ways to increase efficiency, decrease expenses and improve overall profits.

A goal of the credit union in 2020 was to find new members. Our new online application process made it easier to become a part of our family. Certain households in Freeland and in the city of Saginaw were approached by a credit union representative who went door-to-door letting folks know about the convenience of our locations near their homes. Management increased efforts in marketing. Current members kept recommending our friendly staff and service. The result: membership increased 2.40%.

Member satisfaction with Family First remains strong. This is evidenced in three ways: Over 90% of expiring CDs are renewed; in the member service survey conducted between mid-October and mid-November of 2020, 93% of shareholders surveyed said they were “satisfied” with the institution’s products and services and 96% said they would recommend Family First Credit Union to a friend or family member.

Management found ways to report information in a more clear and concise manner. Zoom meetings became the new normal. Shares grew by 14.63% as members saving money sought a safe place to keep it.

In spite of contrary trends in the industry, under the guidance of our CEO (Chief Executive Officer) and CFO (Chief Financial Officer) and the leadership of Kim Webber, CLO (Chief Loan Officer) the number of new loans increased by 9.9% (in dollars). Family First financed almost 3 million dollars in new and refinanced mortgages. In 2020, the dollar volume of loan defaults continued to decline compared to historical data. Substantial gains against defaults were made due to stronger loan underwriting practices. Increased efforts by our collection department led by Collections Manager, Amanda LaTarte, raised recovery of charged off loans; from 23% in 2019 to 32% in 2020.

Your management team and board members looked for additional ways to help Family First's members effected by the pandemic. One change came from an evaluation of our VISA program. Rates were competitive, so they looked at minimum payments. Historically, the minimum payment for FFCU card users was 3% of outstanding balance. That rate was decreased to only 2% of balance. Members can also save on our interest rates and enjoy lower monthly payments, by transferring balances from other institutions to our Family First Visa card. We also had COVID-19 Skip Payment options available as well as a new product called Quick Cash Loans.

The number of member's using our internet banking service known as "Net Branch increased(12.6%) in 2020. The number of members using our mobile banking services grew 20.0%.As of year-end however, less than 10% of the membership had taken advantage of our newer identity protection programs: I.D. Protect (a benefit attached to your premium checking account and SecurLock.(a benefit attached to your FFCU Debit Card) We encourage you to take advantage of these options if you have not done so.

Looking to the future

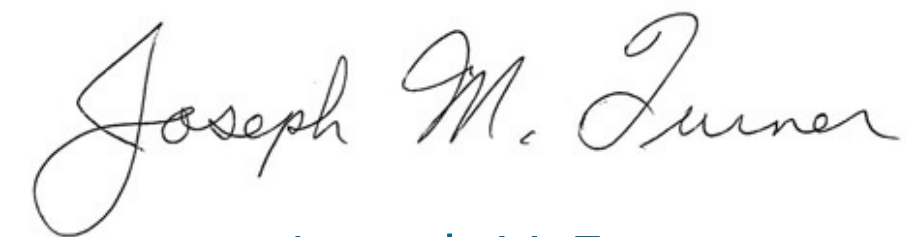
We remain challenged by the exceptionally low interest environment, economic disruption and other burdens associated with the pandemic. On-the-other hand, good news! Consumer demand is expected surge as an easing pandemic permits the economy to reset. Our year-end report by McQueen Financial advisors showed a stable financial institution in which we did better than some other credit unions during the year.

As mentioned earlier there are over 30% fewer credit unions in this state today, then there were ten years ago. We have risen above those waves of challenges. If you are a parent or grandparent, I encourage you to begin a savings program for your younger family members, here. We want to be their trusted financial institution when the time comes to buy their first car or home. Help your family first, by assuring the finances of your loved ones are in good hands – at Family First Credit Union.

There is no question, that the future holds much uncertainty. However, this institution has planned for various situations. That forethought and dedication yielded not only a profitable 2020 annual report but provides assurances for your money and your future. While some things are out of our control, our goal for 2021 is to maintain or increase our net worth ratio, and to maintain a low loan delinquency ratio. Hopefully, predictions for a better overall economy in 2021 will be realized too.

In conclusion, I am proud to be associated with the management, staff and board of directors who work very hard for you. My report illustrates their willingness to work together for the betterment of you, your future and that of other members. Please consider the Statements of Conditions and Comparisons to be part of my annual report to you.

Thank you,

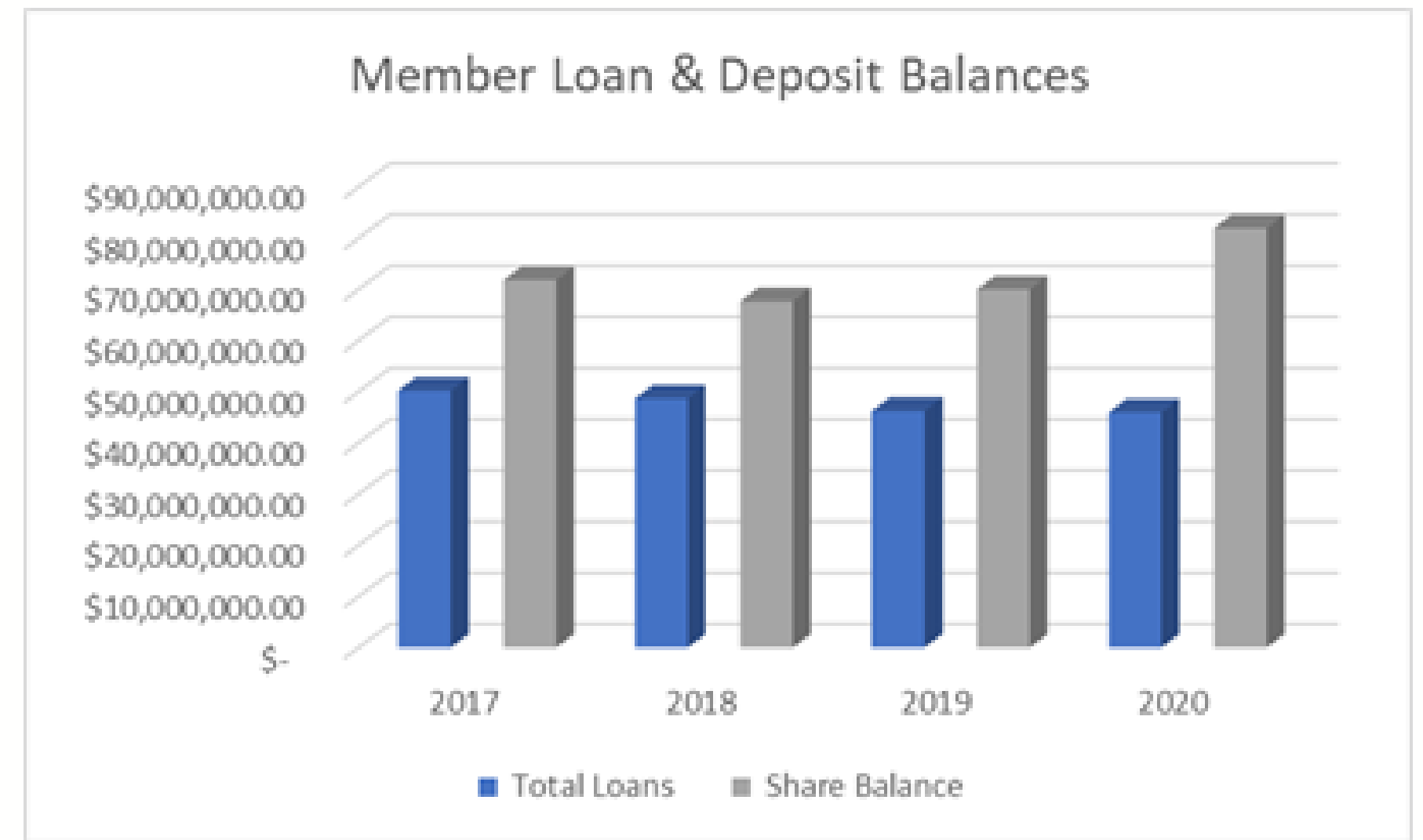
A handwritten signature in blue ink that reads "Joseph M. Turner". The signature is written in a cursive style with a large initial "J".

Joseph M. Turner
Treasurer, Board of Directors

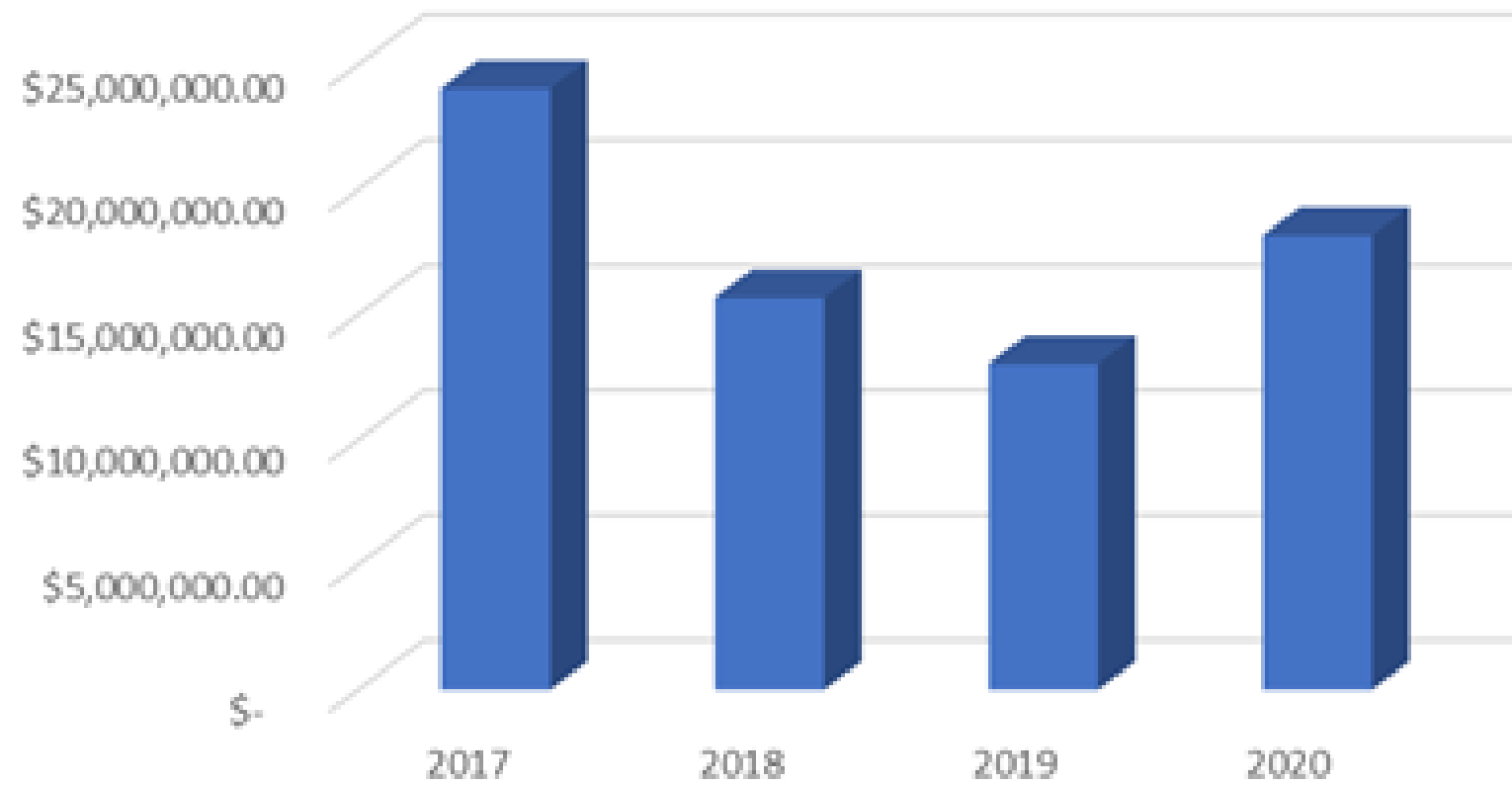




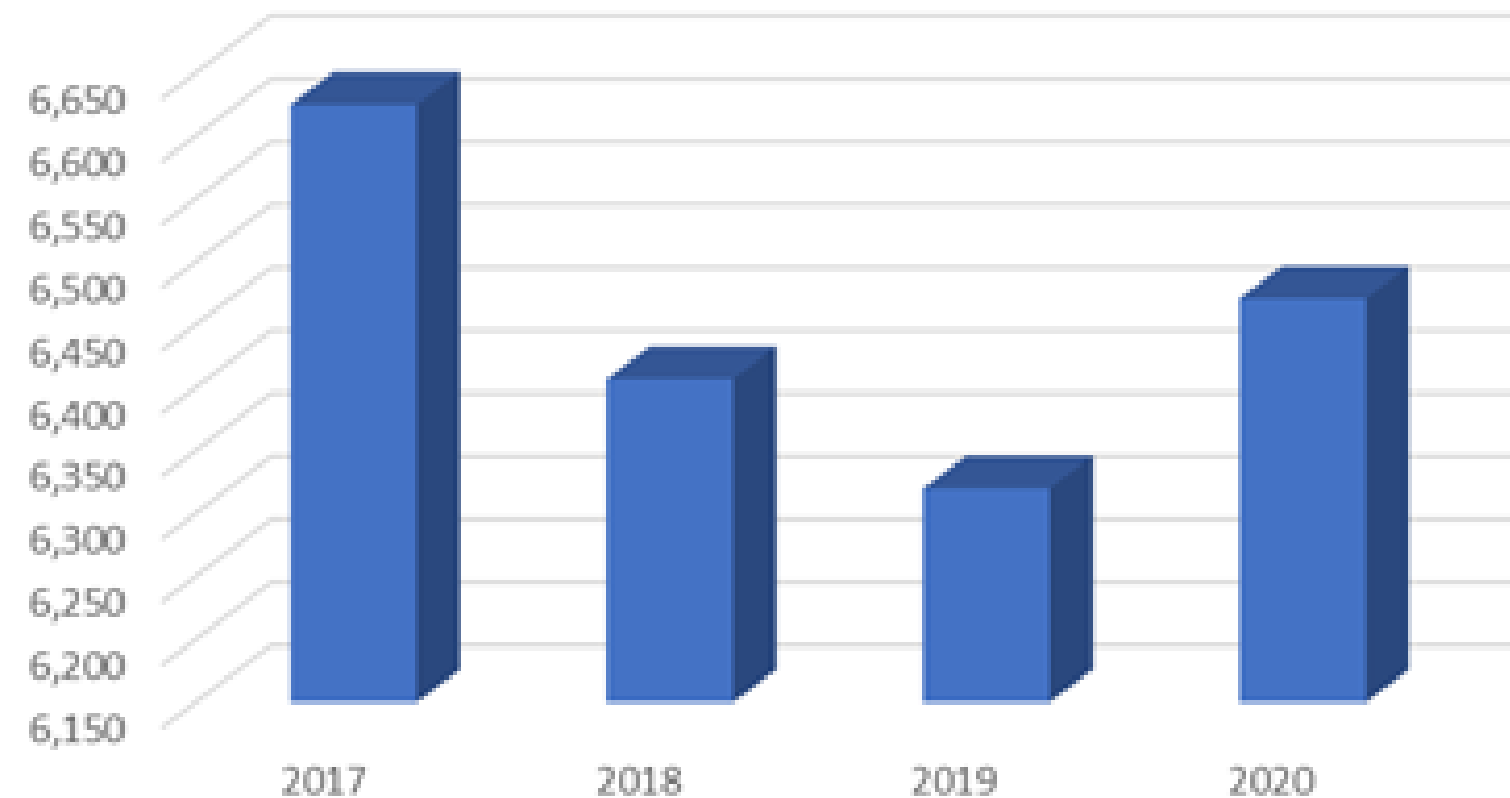
Statement of Financial Condition			
As of December 31, 2020 (Unaudited)			
Total Loans	\$ 45,629,644.08	Accounts Payable and Other Liabilities	\$ 923,721.96
Total Investments	\$ 25,732,922.17	Borrowed Funds	\$ -
Cash and Equivalents	\$ 13,962,982.77	Total Liabilities	\$ 923,721.96
Land & Buildings	\$ 3,460,875.58		
Fixed Assets	\$ 167,012.03	Total Shares	\$ 81,998,069.32
Other Assets	\$ 1,577,278.20	Total Equity	\$ 7,608,923.55
TOTAL ASSETS	\$ 90,530,714.83	Total Liabilities and Equity	\$ 90,530,714.83



New Loans Originated



Members



Statement of Income and Expense

December 2020 (unaudited)

LOAN INCOME	\$ 2,297,723.62
INVESTMENT INCOME	\$ 489,032.16
FEE INCOME	\$ 62,061.14
OTHER INCOME	\$ 778,901.01
FEE FOR INDIRECT LENDING	\$ (54,383.77)
TOTAL INCOME	\$ 3,627,717.93
SALARIES	\$ 1,057,434.59
BENEFITS	\$ 184,307.85
TRAVEL & MEETINGS	\$ 10,075.14
ASSOCIATION DUES	\$ 9,361.82
OCCUPANCY EXPENSE	\$ 284,615.50
OPERATIONS EXPENSES	\$ 466,571.76
EDUCATION & PROMOTION	\$ 53,013.29
LOAN SERVICING	\$ 231,550.38
PROFESSIONAL SERVICES	\$ 536,883.82
PROVISION FOR LOAN LOSSES	\$ 91,093.00
PROVISION FOR O/D LOSSES	\$ (1,038.43)
INT-BORROWED MONEY	\$ -
SUPERVISION FEES	\$ 17,433.13
CASH OVER/SHORT	\$ 2,199.47
ANNUAL MEETING	\$ (1,075.92)
MISCELLANEOUS	\$ 27,733.06
TOTAL OPERATING EXP	\$ 2,970,158.46
NET AFTER EXPENSES	\$ 657,559.47
DIVIDENDS	\$ 482,175.05
TOTAL OPERATING EXP WITH Dividends	\$ 3,452,333.51
NET AFTER DIVIDENDS	\$ 175,384.42
GAIN/ (LOSS) ON INVESTMENT	\$ 24,026.96
GAIN/ (LOSS) ON ASSET DISPOSITION	\$ (10,283.07)
NET INCOME / (LOSS)	\$ 189,128.31

Supervisory Committee Report



Dennis Browning

SUPERVISORY COMMITTEE CHAIRMAN

A handwritten signature in blue ink that reads "Dennis Browning". The signature is written in a cursive style.

Michael Foust

SECRETARY

Linda Burks-Jackson

Floyd Kloc

Karl Primdahl

The Supervisory Committee's responsibilities include selecting and engaging a CPA firm to audit the credit union books and perform all other internal audits that are required annually.

On a monthly basis, the Committee meets to randomly select and review:

- Loans disbursed
- Address changes
- Member data changes
- Review internal audits of all cash drawers
- Share accounts opened/closed
- Loan file maintenance
- Dormant account activity

In addition, the five members of your Supervisory Committee review internal controls, policies, and procedures to ensure that all elected officials and management staff are carrying out their responsibilities in the best interest of the membership.

As Committee Chairman, I would like to acknowledge the following individuals who have given so much of their time and talent to volunteer and serve on your Supervisory Committee.

Our Committee also thanks our Chief Financial Officer, Jane Smith, our Chief Lending Officer, Kim Webber and the branch employees for their assistance and cooperation in helping us fulfil our responsibilities in performing our audits.

The State of Michigan's Department of Insurance and Finance Services is in the process of performing its 2020 examination of Family First Credit Union in the key areas of: Capital Adequacy, Asset Quality, Management, Earnings and Liquidity.

The Supervisory Committee has contracted with Financial Standards Group, Inc., which is currently in the process of performing Family First's 2020 CPA Audit.

It has been my pleasure to serve as Chairman of your Supervisory Committee.

Credit Committee Report



Lori McGarrity

CREDIT COMMITTEE CHAIRMAN



Kennie Kempter

SECRETARY

Stephanie Harden

Belinda Barlow-Poole

John Moton Jr.

The Credit Committee and Loan Officers have the responsibility of granting all types of loans subject to the policies set forth by the Board of Directors, Bylaws and the Department of Insurance and Financial Services, which governs the operation of the credit union.

Our Credit Committee meets on a weekly basis to review loans that fall outside our credit union policy or the Loan Officers lending authority. Members also have the ability to have a loan denial reviewed by the Credit Committee for approval consideration. The Credit Committee will review these loans to evaluate the borrower's ability to repay the loan, review credit union policy and will make the final loan decision; which may include a counter offer for approval.

Last year we expanded our loan offerings to make financing more affordable to our members. In September, we added a 20 & 25 year fixed rate Mortgage and in November, we offered a No Credit Check Quick Cash Loan. This gave members the option of having cash in hand quickly to use for holiday shopping. This was a very popular loan and look forward to being able to offer it to our members again in 2021. During the early part of the pandemic, we also offered (no fee) loan Skip Pays for members that were out of work due to the statewide lockdown. This allowed our members to reallocate their financial obligations while they were out of work and on unemployment without being delinquent on their loan.

On behalf of the Credit Committee, I am pleased to report that during 2020 the credit union approved 3,277 loans to our members totaling \$18,164,372.32.

The Credit Committee and Loan Officers continue to ensure that your deposits are being invested in quality loans.



Mid-Michigan Chapter
of Credit Unions
working together for
their members.



Frances Gibelyou, CEO

Mid-Michigan Chapter of Credit Unions Receives National Award

The Mid-Michigan Chapter of Credit Unions was recently awarded the Credit Union National Association's Dora Maxwell Social Responsibility Community Service Award. This award is given to a credit union or chapter/multiple credit union group for its social responsibility projects within the community. The chapter created the Mid-Michigan Chapter of Credit Union Flood Relief Grant Program following the catastrophic flooding caused by the dam breakages in the Midland and surrounding counties. The Mid-Michigan Chapter, together with the Michigan Credit Union League and Foundation, raised \$163,760 to help as many impacted members as possible from its 21 chapter credit unions. Funds raised were distributed in the form of \$500 grants, via an online application process, helping 325 families and individuals impacted by the disaster.



The Mid-Michigan Chapter of Credit Unions includes: Copoco Community CU, Dow Chemical ECU, Family First CU, FinancialEdge Community CU, First Area CU, Frankenmuth CU, Graco FCU, Gratiot Community CU, Great Lakes FCU, Health Advantage FCU, Isabella Community CU, Jolt CU, Lake Huron CU, Members First CU, Saginaw County Employees CU, Sunrise Family CU, Team One CU, United Bay Community CU, United Financial CU, Wanigas CU, and Wildfire CU.

Volunteers

Board of Directors

Maurice Patterson, Chairman
Ricardo Longoria, Vice-Chairman
Joseph Turner, Treasurer
Patricia Jacob, Secretary
Timothy Genovese, Director
Rayunza Chism-Hood, Director
Sharon Doolan, Director

David Rupp, Director Emeritus

Credit Committee

Lori McGarrity, Chairman
Kennie Kempter, Secretary
Stephanie Harden
Belinda Barlow-Poole
John Moton Jr.

Supervisory Committee

Dennis Browning, Chairman
Linda Burks-Jackson
Floyd Kloc
Michael Foust
Karl Primdahl

Staff

Kochville

Jane, CFO
Jessica, Member Service Representative Supervisor
Gwynn, Assistant Member Service Representative Supervisor
Tommi, Administrative Assistant & Marketing
Candace, Marketing Assistant
Sasha, Part-time MSR / Marketing Assistant
Lynette, Account Services Specialist
Julie, Card Services Specialist
Michele, Loan Officer
Paula, Loan Officer

Saginaw

Frances, CEO
Julee, Manager - Saginaw Office
Lisa, Member Service Representative Supervisor
Naomi, Assistant Member Service Representative Supervisor
Michelle S, Part-time Member Service Representative
Stephanie, Part-time Member Service Representative
Rayne, Part-time Member Service Representative
Josephine, Part-time Member Service Representative
Amanda, Manager - Collections
Karin, Collections Specialist
Pamela, Loan Officer
Tracey, Loan Officer
Cathy, Part-time Loan Clerk

Freeland

Kimberly, CLO
Carey, Member Service Representative Supervisor
Julia, Member Service Representative
Connie, Part-time Loan Officer