



# ***2020 Annual Report***



**Pathways**   
Financial Credit Union

***Your Path to Better Banking***

# To Our Members

## To Our Member/Owners,

The previous year was one of unprecedented challenge and change. A global pandemic affected retail enterprise everywhere, and those who operate in banking were not exempt. Pathways, like many essential institutions, was faced with the unique challenge of providing financial services while ensuring the safety of our staff and those they serve. As a local institution, we were doing more than protecting members, we were protecting our neighbors.

### Rising to the Challenge

Our recent adoption of several technological innovations gave members the ability to do their banking from the safety of home. In addition to the standard convenience of online and mobile banking, we stressed the convenience of peer-to-peer transactions, mobile check deposit, bill pay, and more.

When needs required face-to-face interactions, we had solutions in place to protect staff and members. Later in the year we launched an online lobby reservation system so people can maximize the protection of social distancing. These improvements have made us safer, more efficient, and more resilient to face the challenges of both today and tomorrow.

### Continued Growth and a Helping Hand

Despite the challenges, 2020 was a successful year for growth at Pathways. We still recorded growth in new members, deposits, loans, and profitability. However, the most important part of our success came from being a local source of financial solutions and assistance to help our members through a very challenging year.

During the pandemic, many local businesses were adversely affected and needed financial assistance to survive. By providing conventional small business lending solutions in addition to being one of the leading credit unions in the state of Ohio to offer Paycheck Protection Program (PPP) loans, we helped many small businesses stay afloat. In total, we processed and funded nearly \$35,000,000 in PPP loans to 394 small businesses. Pathways also helped more than 500 of our members who were impacted by the pandemic by allowing them to defer up to three loan payments on their consumer and mortgage loans with Pathways. Our goal was and is to do everything that we can to help all of our members who were impacted by COVID-19 to keep their financial affairs in order during this very challenging year.

In addition, we also successfully completed a merger with Standard Register Federal Credit Union, which has allowed us to expand our presence in the Dayton area. With the addition of SRFCU, Pathways added 3,500 new members, nearly \$40,000,000 in assets, and 10 new employees to help serve our growing membership.

### Thank You for Being a Member

The board, management, and staff all wish to thank you, our member/owners, for helping make Pathways the fastest growing credit union in Ohio. Our future is one of pure potential, and we look forward to sharing that success with you.



**Michael B. Shafer**  
CEO

*Michael B. Shafer*



**John A. Radich**  
Board Chairman

*John A. Radich*

# Treasurer's Report

## **Treasurer's Report for the Year Ending December 31, 2020**

It is once again my honor to provide our members with the Treasurer's report for Pathways Financial Credit Union for 2020. On page 6 of this report, you will find the financial highlights for the credit union for the year ending December 31st.

Because of the COVID-19 pandemic, 2020 was obviously a very trying and stressful year for our members. In addition to making adjustments to our operations in order to continue to be able to safely serve you, your credit union also provided much-needed financial assistance to many small businesses in the communities we serve with Paycheck Protection Program loans. Additionally, Pathways helped our members save money and reduce expenses by refinancing a record number of mortgage loans during 2020. Our ability to continue to successfully serve our members in central and southwest Ohio in the face of a pandemic is yet another key as to why Pathways Financial Credit Union – your credit union – continues to be the fastest growing credit union in Ohio during the past ten years.

Loans to members totaled almost \$308.9 million at the end of the year, which was an increase of nearly \$60.5 million, or 24.33%. Meanwhile, the number of members served by the credit union increased to 40,743 during 2020, an increase of 5.97%.

Member share deposits in the credit union totaled over \$456.56 million at year-end, increasing by over \$89 million, or 24.23% during 2020. Year-end assets totaled almost \$506.9 million, which reflected a 22.4% gain for the year.

The credit union earned net income totaling \$3,930,055 during 2020, and the credit union's net worth ratio (or capital ratio) totaled 9.90% at year-end. The credit union's capital ratio is a primary measurement of safety, soundness and stability. You can rest assured that your credit union is very strong and very well capitalized. The credit union wholly owns a small mortgage processing and underwriting company, which is a Credit Union Service Organization named Member Power Services Group, LLC. For accounting purposes, Member Power Services Group's financial reports are consolidated with those of the credit union.

On page 3, you will find a report regarding the credit union's annual audit from Lillie & Company. As your Treasurer, I am pleased to report that our auditors found, in their opinion and without qualifications, the consolidated financial reports represent fairly, in all material aspects, the accurate financial position of your credit union.

Respectfully Submitted,



Kirk B. Pierson  
Treasurer

***“The credit union earned net income totaling \$3,930,055 during 2020, and the credit union’s net worth ratio totaled 9.90% at year-end.”***  
*-Kirk Pierson, Treasurer*

# Auditor's Report



CPAs for Credit Unions

To the Board of Directors of  
Pathways Financial Credit Union

We have performed an audit of the financial statements of Pathways Financial Credit Union as of December 31, 2020 and 2019 and for the years then ended. Our report on these financial statements reads as follows:

***Report on the Financial Statements***

We have audited the accompanying statements of financial condition of Pathways Financial Credit Union as of December 31, 2020 and 2019 and the related statements of income and comprehensive income, members' equity and cash flows for the years then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the credit union's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the credit union's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pathways Financial Credit Union as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

The audited financial statements and report of Independent Certified Public Accountants may be viewed at the main office located at 5665 N. Hamilton Rd., Columbus, OH 43230.

*Lillie & Company LLC*  
Certified Public Accountants

**Adding insight... Not just numbers.**

801 W. Cherry Street, Suite 100, Sunbury, OH 43074  
Phone 866-965-2294 | 740-965-2294 | website [www.lilliecpa.com](http://www.lilliecpa.com)

# Statement of Financial Condition

## Consolidated Balance Sheet Comparison

As of December 31, 2020 & December 31, 2019

	ACTUAL	ACTUAL	YTD VARIANCE	
	12/31/2020	12/31/2019	\$	%
<b>ASSETS</b>				
UNSECURED LOANS	\$ 19,075,485	\$ 15,968,539	\$ 3,106,946	19.46%
DIRECT AUTO LOANS	\$ 49,609,362	\$ 46,431,682	\$ 3,177,679	6.84%
INDIRECT AUTO LOANS	\$ 31,934,435	\$ 40,131,237	\$ (8,196,802)	-20.42%
PURCHASE LOANS	\$ 9,542,338	\$ 12,997,609	\$ (3,455,271)	-26.58%
PARTICIPATION LOANS	\$ 15,860,708	\$ 1,597,612	\$ 14,263,096	892.78%
STUDENT LOANS	\$ 15,016	\$ 25,756	\$ (10,740)	-41.70%
OTHER LOANS	\$ 4,949,071	\$ 4,180,806	\$ 768,265	18.38%
CREDIT CARD LOANS	\$ 11,898,660	\$ 11,159,629	\$ 739,031	6.62%
REAL ESTATE LOANS	\$ 103,805,293	\$ 94,193,671	\$ 9,611,622	10.20%
BUSINESS LOANS	\$ 63,876,819	\$ 23,168,308	\$ 40,708,511	175.71%
PREMIUM ON ACQUIRED LOANS	\$ (364,387)	\$ (632,824)	\$ 268,437	-42.42%
ALLOWANCE FOR LOAN LOSS - PREMIUM	\$ (1,305,758)	\$ (774,594)	\$ (531,164)	68.57%
<b>TOTAL LOANS</b>	<b>\$ 308,897,042</b>	<b>\$ 248,447,431</b>	<b>\$ 60,449,610</b>	<b>24.33%</b>
ALLOWANCE FOR LOAN LOSSES	\$ (1,896,487)	\$ (943,694)	\$ (952,793)	100.96%
<b>NET LOANS</b>	<b>\$ 307,000,555</b>	<b>\$ 247,503,738</b>	<b>\$ 59,496,817</b>	<b>24.04%</b>
<b>ACCTS RECEIVABLE</b>	<b>\$ 2,562,838</b>	<b>\$ 556,448</b>	<b>\$ 2,006,390</b>	<b>360.57%</b>
<b>CASH</b>	<b>\$ 4,208,935.88</b>	<b>\$ 4,100,426</b>	<b>\$ 108,509</b>	<b>2.65%</b>
<b>TOTAL INVESTMENTS</b>	<b>\$ 157,063,220</b>	<b>\$ 127,271,472</b>	<b>\$ 29,791,747</b>	<b>23.41%</b>
<b>TOTAL OTHER ASSETS</b>	<b>\$ 36,045,922</b>	<b>\$ 34,593,475</b>	<b>\$ 1,452,446</b>	<b>4.20%</b>
<b>TOTAL ASSETS</b>	<b>\$ 506,881,470</b>	<b>\$ 414,025,560</b>	<b>\$ 92,855,910</b>	<b>22.43%</b>
	ACTUAL	ACTUAL	YTD VARIANCE	
	12/31/2020	12/31/2019	\$	%
<b>LIABILITIES</b>				
<b>TOTAL LIABILITIES</b>	<b>\$ (431,385)</b>	<b>\$ 4,617,531</b>	<b>\$ (5,048,916)</b>	<b>-109.34%</b>
<b>TOTAL SHARES</b>	<b>\$ 456,565,766</b>	<b>\$ 367,527,186</b>	<b>\$ 89,038,580</b>	<b>24.23%</b>
REGULAR RESERVE	\$ 817,708	\$ 817,708	\$ -	0.00%
UNDIVIDED EARNINGS	\$ 16,892,892	\$ 13,605,691	\$ 3,287,201	24.16%
EQUITY ACQUIRED IN MERGER	\$ 28,549,884	\$ 24,108,800	\$ 4,441,084	18.42%
UNREALIZED GAIN/LOSS INVESTMENTS	\$ 556,551	\$ 61,443	\$ 495,108	805.80%
NET INCOME	\$ 3,930,054	\$ 3,287,201	\$ 642,853	19.56%
<b>TOTAL EQUITY</b>	<b>\$ 50,747,089</b>	<b>\$ 41,880,842</b>	<b>\$ 8,866,246</b>	<b>21.17%</b>
<b>TOTAL LIAB &amp; EQUITY</b>	<b>\$ 506,881,470</b>	<b>\$ 414,025,560</b>	<b>\$ 92,855,910</b>	<b>22.43%</b>
<b>NET WORTH/TOTAL ASSETS</b>	<b>9.90%</b>	<b>10.10%</b>	<b>-0.20%</b>	<b>-1.97%</b>

Internally prepared financial statements. Copies of the audited financial statements are available upon request.



# Statement of Income

## **Consolidated Income Statement** *for the year ending December 31, 2020*

### **Income**

TOTAL INTEREST ON LOANS	\$13,104,591
TOTAL INTEREST ON INVESTMENTS	\$1,659,439
TOTAL INTEREST INCOME	\$14,764,030
FEE INCOME	\$2,263,832
OTHER INCOME	\$6,977,785
TOTAL NON-INTEREST INCOME	\$9,241,616
<b>GROSS INCOME</b>	<b>\$24,005,646</b>

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### **Expenses**

TOTAL OPERATING EXPENSE	\$16,311,668
INTEREST ON BORROWINGS	\$439
TOTAL DIVIDENDS	\$2,292,632
TOTAL INTEREST EXPENSE	\$2,293,071
PROVISION FOR LOAN LOSS	\$1,442,892
PROVISION FOR CHECKING LOSS	\$ 59,365
TOTAL PROVISION EXPENSE	\$1,502,257
<b>TOTAL EXPENSES</b>	<b>\$20,106,996</b>
GAIN(LOSS) ON SALE OF INVESTMENTS	(31,403)
GAIN(LOSS) ON OTHER REAL ESTATE OWNED	\$0
<b>NET INCOME</b>	<b>\$3,930,055</b>

# Financial Highlights

## Total Loans



## Total Shares



## Total Assets



## Total Members



## Loan Composition



## Deposit Composition





# Products & Services

## Member Savings Products

- Swipe2Save Checking with Debit Card Roundup
- Christmas/Vacation Club Accounts
- Money Markets
- Certificates
- Individual Retirement Accounts (IRAs)
- Health Savings Accounts (HSAs)
- Youth Accounts
- Pathways Retirement & Investment Services
- Ownership Rewards Savings
- Safe Deposit Boxes

## Member Loan Products

- New and Used Auto Loans
- Low-Rate & Rewards Credit Cards
- Home Equity Loans & Lines of Credit
- Conventional Mortgage Loans
- Game Changer Mortgage
- FHA/VA Mortgage Loans
- Lifestyle Loans
- Adjustable Rate Mortgages
- Boat/Motorcycle/RV Loans

## Member Business Services

- Business Checking Accounts
- Business Rewards Credit Cards
- Commercial Real Estate Loans
- Business Lines of Credit
- Business Money Market Accounts
- Business Savings Accounts
- Business Term Loans
- Business Share Certificates
- SBA Loans
- Pathways at Work
- Merchant Card Processing

## Convenience Services

- Online Banking
- Mobile Banking
- eStatements
- Online Bill Pay
- Shared Branch Locations
- Surcharge-Free ATMs
- Mobile App with Biometric Security
- Mobile Check Deposit
- Pocket2Pocket Mobile Payments
- Lobby Check-In Reservation Service
- Pathways Car Buying Service, Powered by TrueCar



# *Rising to Challenges*

## ***Helping Our Business Neighbors in Need***

The global pandemic this past year had a dramatic and direct financial impact on the bottom line of many of the businesses within the communities that we serve, and as a local financial institution, we made a commitment to being a regional leader in originating Paycheck Protection Program (PPP) loans. In terms of PPP loan volume, Pathways ranked third in Ohio among credit unions in 2020. Below is a brief recap of the results of our efforts.

- **Total number of funded PPP loans: 394**
- **Total volume of funded PPP loans: \$35 million**
- **Total number of jobs protected: over 4,000**

## ***Home is Where the Heart Is: Helping Members Save***

For many members, the pandemic added a profound amount of financial instability and uncertainty. And in many cases, making ends meet got a lot harder.

Pathways stepped up to help our members with affordable low rate mortgage loans, both purchase loans to help people own a home, and refinanced loans to help members reduce expenses and save money. Pathways originated a record number of mortgage loans during 2020, and we are proud to be the primary mortgage lending source for our members.

- **Total number of funded mortgage loans: 469**
- **Total volume of funded mortgage loans: \$84.4 million**

## ***Board of Directors***

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**John Radich** - *Chairperson*

**Gail Kelley** - *Vice Chairperson*

**Kirk Pierson** - *Treasurer*

**Marsha Calloway** - *Secretary*

**Spencer Barton**

**John Falk**

**Bill Knoles**

**Mike Poe**

**Michael Sisinger**

## ***Senior Management Team***

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**Michael Shafer** - *Chief Executive Officer*

**Greg Kidwell** - *President*

**Linda Battaglia** - *Vice President of Compliance and Risk Management*

**Casey Eckles** - *Chief Operations Officer*

**Christopher Hoover** - *Chief Financial Officer*

**Jill Justice** - *Chief Human Resources Officer*

**Shelley Murry** - *Vice President of Administrative Services*

**Curtis Onofri** - *Chief Lending Officer*

**J. Andrew Tarbox** - *Chief Information Officer*



*Michael Shafer, CEO*



*Greg Kidwell, President*

## Central Ohio

### Columbus West

750 Georgesville Rd.  
Columbus, OH 43228

### Delaware

879 West William St.  
Delaware, OH 43015

### Gahanna/New Albany

5665 North Hamilton Rd.  
Columbus, OH 43230

### Grandview

1445 West Goodale Blvd.  
Columbus, OH 43212

### Marysville

121 Emmaus Rd.  
Marysville, OH 43040

### Whitehall

5025 East Main St.  
Columbus, OH 43213

## Dayton & SW Ohio

### Aberdeen

1100 U.S. Rt. 52  
Aberdeen, OH 45101

### Beavercreek

3562 Dayton Xenia Rd.  
Beavercreek, OH 45432

### Dayton

3000 Elbee Rd.  
Dayton, OH 45439

### Englewood

1752 West Wenger Rd.  
Englewood, OH 45322

### Olympic

2231 Olympic Dr.  
Springfield, OH 45503

### SRCU

175 Campbell St.  
Dayton, OH 45417

## Restricted Access Locations

### AEP Building

1 Riverside Plz.  
Columbus, OH 43215