



2021

**ANNUAL
REPORT**

**A TRUE FINANCIAL PARTNER
IN EVER-CHANGING TIMES**

TO OUR MEMBER/OWNERS

Dear Pathways Member,

If 2020 was a year of unprecedented change, then 2021 proved itself to be equally novel in presenting our credit union with unique challenges during an evolving pandemic & turbulent economic recovery.

Building a Better Banking Experience

As society found itself both working *and* banking from home, we improved our ability to remotely serve member needs. Online Banking upgrades were accompanied by streamlined improvements in the process of opening accounts and loan applications.

Growth In an Era of Change

Even surrounded by uncertainty, 2021 was a successful year for our credit union with record expansion in new members, deposits, loans, and profitability. Pathways also fostered relationships with local businesses we aided during the pandemic, creating a new channel for growth in offering solutions to our commercial community and area entrepreneurs.

Your True Financial Partner

The challenges of the preceding year and our efforts to meet them head-on has driven our credit union to explore ways we can serve you into the future. We are developing a new full-service website designed to meet your needs today, tomorrow, and beyond. Furthermore, we will be upgrading our digital information infrastructure to prepare for technological revolutions and innovations to come.

Thank You for Being a Member

The board, management, and staff all wish to thank you, our member/owners, for being part of one of the most forward-looking financial institutions in Ohio. Together, we forge a path to future prosperity.



Michael B. Shafer, CEO

Michael B. Shafer



**John A. Radich
Board Chairman**

John A. Radich

TREASURER'S REPORT

I am yet again honored to have the privilege of providing our members with the Treasurer's report for Pathways Financial Credit Union for 2021. On pages 5 through 8 of this report, you will find the financial highlights for the credit union for the year ending December 31, 2021.

The COVID-19 pandemic continued to dominate the headlines, change the rhythm and flow of everyday life, and periodically and selectively cause disruptions to the lives of our members throughout 2021. Yet through all of the uncertainty, Pathways continued to serve as our members' true financial partner while taking care of their financial needs. When the second round of the SBA's Paycheck Protection Program for small businesses was rolled out in January 2021, Pathways once again stepped up to assist our small business members, originating over \$23 million in new loans while at the same time guiding business members through the forgiveness process for the PPP loans that they received during 2020.

On the consumer side, we continued to help our members refinance their mortgages in a record low-interest-rate environment that lasted throughout the beginning of the year. In the final quarter of the year, Pathways offered its members one of the lowest vehicle lending rates available in the market. To top it all off, we did all of this while offering our members some of the best money market and certificate savings rates available in the markets that we serve.

From a financial perspective, 2021 was a very successful year for our credit union. Loans to members totaled over \$348.8 million at the end of the year, which was an increase of over \$39.9 million, or 12.93%. Meanwhile, the number of members served by the credit union increased to 49,213 during 2021, an increase of 20.79%.

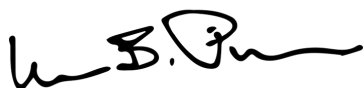
Member share deposits in the credit union totaled nearly \$521.4 million at year-end, increasing by over \$64.8 million, or 14.20% during 2021. Year-end assets totaled over \$588.1 million, which reflected a 16.03% gain for the year.

The credit union earned net income totaling \$7,121,581 during 2021, and the credit union's net worth ratio (or capital ratio) totaled 9.74% at year-end. The credit union's capital ratio is a primary measure 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 pages 3 and 4, 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 financials on pages 5 and 6 are summaries. Our complete audited financial report is available upon request.**

AUDITOR'S REPORT



**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, 2021 and 2020 and for the years then ended. Our report on these financial statements reads as follows:

Opinion

We have audited the financial statements of Pathways Financial Credit Union and its subsidiary, which comprise the consolidated statements of financial condition as of December 31, 2021 and 2020, 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 consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Pathways Financial Credit Union and its subsidiary as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pathways Financial Credit Union and its subsidiary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits.

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Pathways Financial Credit Union's ability to continue as a going concern for 12 months beyond the issuance of the consolidated financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 controls. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pathways Financial Credit Union's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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.

PO Box 570, Sunbury, OH 43074

Phone 866-965-2294 | 740-965-2294 | **website** www.lilliecpa.com

STATEMENT OF FINANCIAL CONDITION

Consolidated Balance Sheet Comparison As of December 31, 2021 & December 31, 2020*

	ACTUAL 12/31/2021	ACTUAL 12/31/2020	YTD VARIANCE	
			\$	%
ASSETS				
UNSECURED LOANS	\$ 14,136,927	\$ 14,722,475	\$ (585,548)	-3.98%
INDIRECT UNSECURED	\$ 29,598,120	\$ 4,353,010	\$ 25,245,109	579.95%
DIRECT AUTO LOANS	\$ 51,363,814	\$ 49,609,362	\$ 1,754,452	3.54%
INDIRECT AUTO LOANS	\$ 33,662,251	\$ 31,934,435	\$ 1,727,816	5.41%
PURCHASE LOANS	\$ 6,726,808	\$ 9,542,338	\$ (2,815,530)	-29.51%
PARTICIPATION LOANS	\$ 41,093,569	\$ 15,860,708	\$ 25,232,862	159.09%
STUDENT LOANS	\$ 6,891	\$ 15,016	\$ (8,125)	-54.11%
OTHER LOANS	\$ 4,176,784	\$ 4,949,071	\$ (772,288)	-15.60%
CREDIT CARD LOANS	\$ 10,977,277	\$ 11,898,660	\$ (921,383)	-7.74%
REAL ESTATE LOANS	\$ 112,271,569	\$ 103,805,293	\$ 8,466,277	8.16%
BUSINESS LOANS	\$ 45,953,314	\$ 63,876,819	\$ (17,923,504)	-28.06%
PREMIUM ON ACQUIRED LOANS	\$ (115,762)	\$ (364,387)	\$ 248,625	-68.23%
ALLOWANCE FOR LOAN LOSS - PREMIUM	\$ (1,012,197)	\$ (1,305,758)	\$ 293,561	-22.48%
TOTAL LOANS	\$ 348,839,366	\$ 308,897,042	\$ 39,942,324	12.93%
ALLOWANCE FOR LOAN LOSSES	\$ (2,874,298)	\$ (1,896,487)	\$ (977,812)	51.56%
NET LOANS	\$ 345,965,067	\$ 307,000,555	\$ 38,964,513	12.69%
ACCTS RECEIVABLE	\$ 3,747,542	\$ 2,562,838	\$ 1,184,704	46.23%
CASH	\$ 4,875,917.04	\$ 4,208,936	\$ 666,981	15.85%
TOTAL INVESTMENTS	\$ 190,627,810	\$ 157,063,220	\$ 33,564,591	21.37%
TOTAL OTHER ASSETS	\$ 42,922,001	\$ 36,045,922	\$ 6,876,079	19.08%
TOTAL ASSETS	\$ 588,138,338	\$ 506,881,470	\$ 81,256,868	16.03%
	ACTUAL 12/31/2021	ACTUAL 12/31/2020	YTD VARIANCE	
			\$	%
LIABILITIES				
TOTAL LIABILITIES	\$ 10,384,212	\$ (431,385)	\$ 10,815,597	-2507.18%
REGULAR SHARES	\$ 179,319,899	\$ 159,541,536	\$ 19,778,363	12.40%
HEALTH SAVINGS ACCOUNTS	\$ 11,870,519	\$ 11,212,256	\$ 658,264	5.87%
CLUB SHARES	\$ 10,503,013	\$ 8,684,755	\$ 1,818,258	20.94%
IRA SHARES	\$ 7,416,709	\$ 6,823,878	\$ 592,831	8.69%
IRA CERTIFICATES	\$ 19,813,873	\$ 20,850,023	\$ (1,036,151)	-4.97%
BUSINESS CHECKING	\$ 40,851,164	\$ 33,078,062	\$ 7,773,102	23.50%
SHARE DRAFTS	\$ 83,740,362	\$ 81,703,400	\$ 2,036,962	2.49%
MONEY MARKET	\$ 100,420,207	\$ 80,146,426	\$ 20,273,781	25.30%
SHARE CERTIFICATES	\$ 67,458,124	\$ 54,468,545	\$ 12,989,579	23.85%
PREM/DISC ON MERGER-SHARES	\$ -	\$ 56,886	\$ (56,886)	-100.00%
TOTAL SHARES	\$ 521,393,870	\$ 456,565,766	\$ 64,828,104	14.20%
REGULAR RESERVE	\$ 817,708	\$ 817,708	\$ -	0.00%
UNDIVIDED EARNINGS	\$ 20,822,946	\$ 16,892,892	\$ 3,930,054	23.26%
EQUITY ACQUIRED IN MERGER	\$ 28,549,884	\$ 28,549,884	\$ -	0.00%
UNREALIZED GAIN/LOSS INVESTMENTS	\$ (951,863)	\$ 556,551	\$ (1,508,414)	-271.03%
NET INCOME	\$ 7,121,580	\$ 3,930,054	\$ 3,191,526	81.21%
TOTAL EQUITY	\$ 56,360,255	\$ 50,747,089	\$ 5,613,166	11.06%
TOTAL LIAB & EQUITY	\$ 588,138,338	\$ 506,881,470	\$ 81,256,868	16.03%
NET WORTH/TOTAL ASSETS	9.74%	9.90%	-0.16%	-1.59%

*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, 2021**

**ACTUAL YTD
12/31/2021**

INCOME

TOTAL INTEREST ON LOANS	\$16,188,508
TOTAL INTEREST ON INVESTMENTS	\$1,374,811
TOTAL INTEREST INCOME	\$17,563,319
FEE INCOME	\$2,617,628
OTHER INCOME	\$8,597,109
TOTAL NON-INTEREST INCOME	<u>\$6,259,151</u>

GROSS INCOME

\$28,778,055

EXPENSES

OPERATING EXPENSES	
TOTAL OPERATING EXPENSE	\$17,981,160
INTEREST ON BORROWINGS	\$2,134
DIVIDENDS	
TOTAL DIVIDENDS	\$2,157,489
TOTAL INTEREST EXPENSE	\$2,159,623
PROVISION FOR LOAN LOSS	\$1,275,008
PROVISION FOR CHECKING LOSS	<u>\$100,825</u>
TOTAL PROVISION EXPENSE	\$1,375,833

TOTAL EXPENSES

\$21,516,617

GAIN(LOSS) ON SALE OF INVESTMENTS	\$10,143
GAIN(LOSS) ON OTHER REAL ESTATE OWNED	<u>(\$150,000)</u>

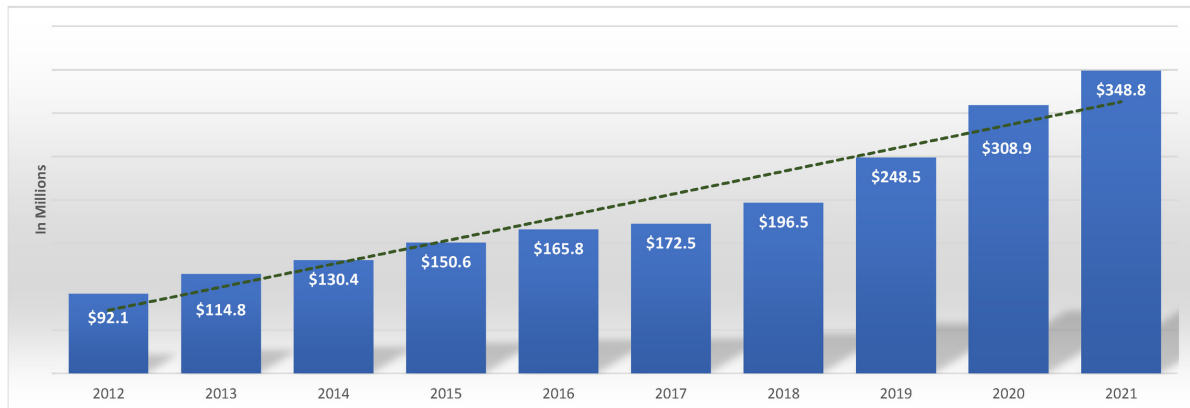
NET INCOME

\$7,121,581

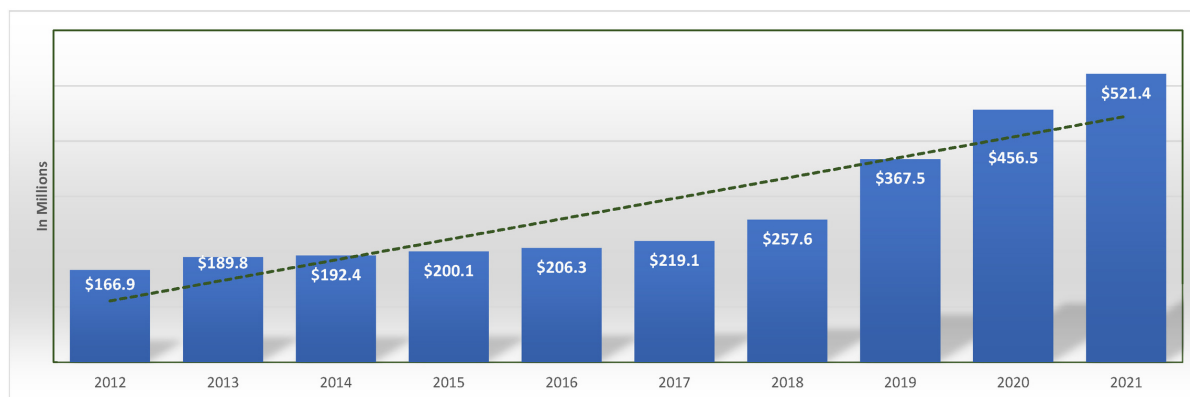
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FINANCIAL HIGHLIGHTS

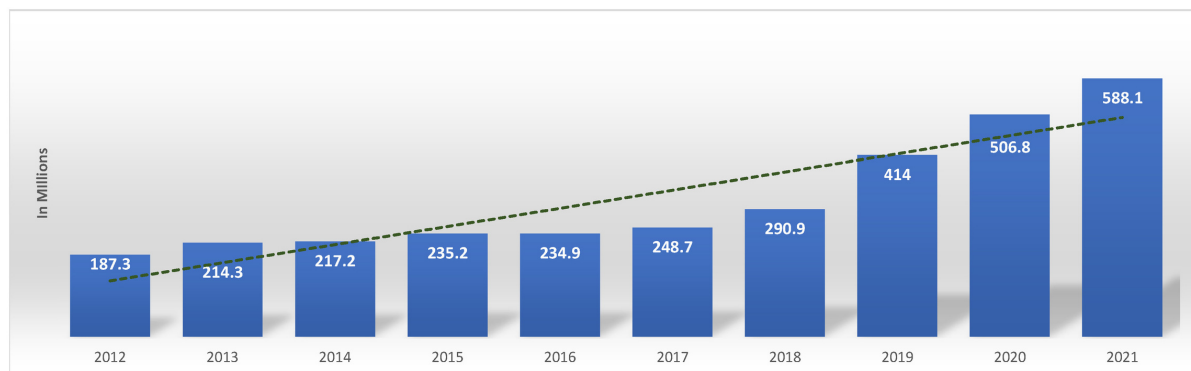
TOTAL LOANS



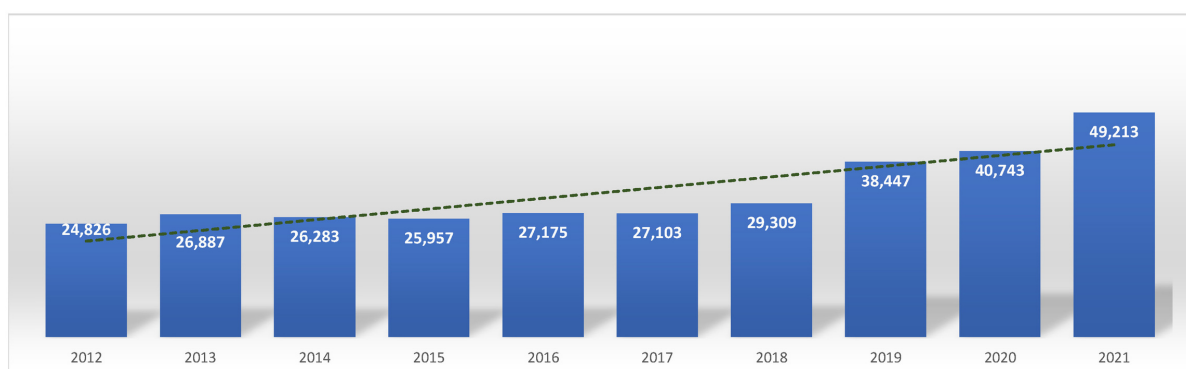
TOTAL SHARES



TOTAL ASSETS

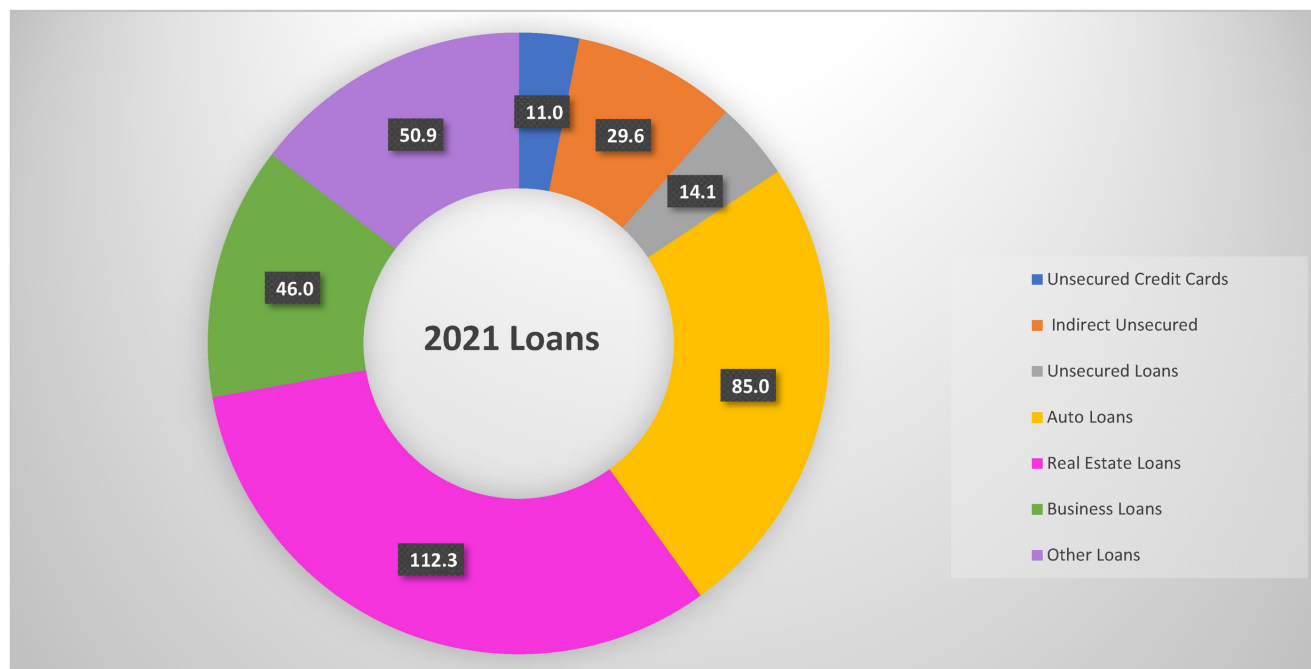


TOTAL MEMBERS

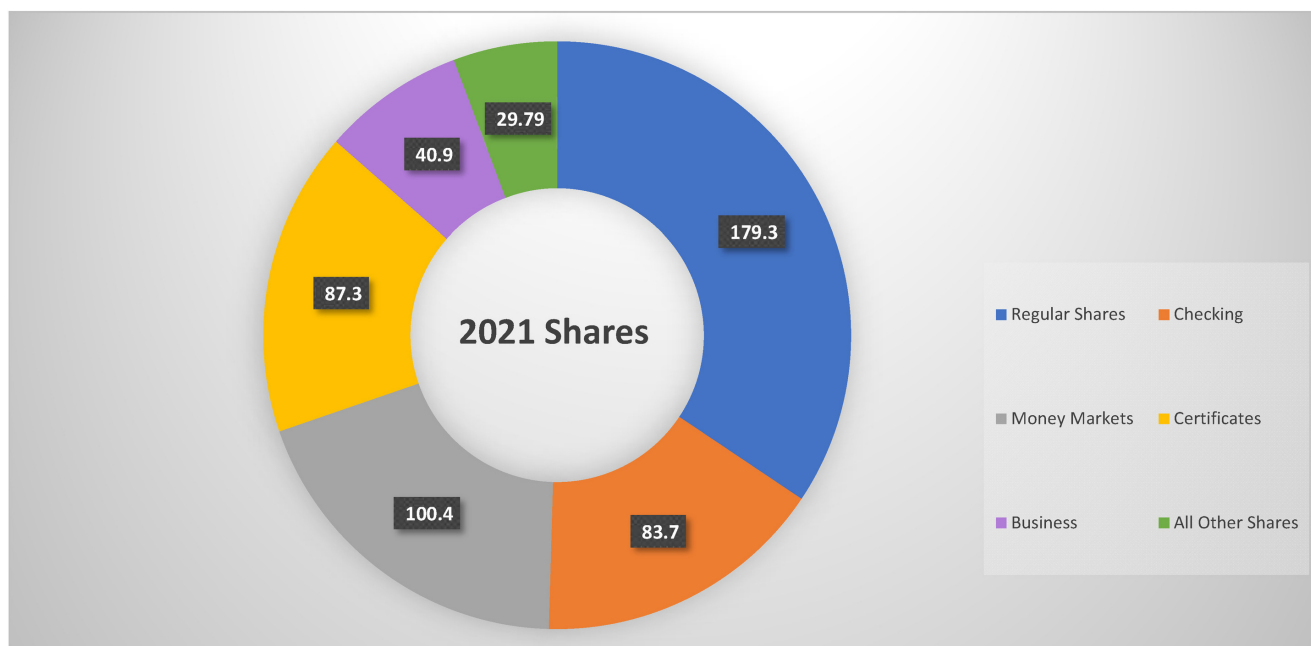


FINANCIAL HIGHLIGHTS

LOAN COMPOSITION



SHARE 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
- Retirement & Investment Services
- Ownership Rewards Savings

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

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 Loans
- FHA/VA Mortgage Loans
- Lifestyle Loans
- Adjustable Rate Mortgages
- Boat/Motorcycle/RV Loans

Convenience Services

- Online Banking
- Mobile Banking
- eStatements
- Online Bill Pay
- Shared Branch Locations
- Surcharge-Free ATMs
- Mobile App with Biometric Security
- Mobile Check Deposit
- Pay Anyone Mobile Payments
- Remote Appointment Reservation Service
- Pathways Car Buying Service, Powered by TrueCar
- Safe Deposit Boxes



LEADERSHIP

Board of Directors

John Radich

Chairperson

Gail Kelley

Vice Chairperson

Kirk Pierson

Treasurer

Marsha Calloway

Secretary

Spencer Barton

John Falk

Bill Knoles

Mike Poe

Michael Sisinger



Michael B. Shafer, CEO

Michael B. Shafer

Senior Management Team

Michael Shafer

Chief Executive Officer

Greg Kidwell

President

Deanna Barzak

Vice President of Business Services

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



Gregory A. Kidwell, President

Gregory A. Kidwell

LOCATIONS

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

Englewood

1752 West Wenger Rd.
Englewood, OH 45322

Olympic

2231 Olympic Dr.
Springfield, OH 45503

Dayton

175 Campbell St.
Dayton, OH 45417

Restricted Access Location

AEP Building

1 Riverside Plaza
Columbus, OH 43215



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