

2023 Annual Report



Respectfully. Yours.

**CREDIT
UNION**

Report of the President & CEO and the Chairman of the Board

2023 was a year of transformation, growth and acclamation. It was transformative in that 7 17 installed a new core processing platform to enhance our system functionality in order to expand our services, enhance our products, and improve efficiencies to better serve our members. The project was a year in the making and went off without any significant disruption to member service. This investment is a commitment to the future – a commitment to our members and to the communities we serve.

Despite the many resources that were committed to the core transformation, 2023 was a strong year of growth. As a sign of relevancy to the community, 7 17 added another 10,000 members bringing membership to 117,000 by year end.

Likewise, assets grew to \$1.65 Billion as members continued to utilize 7 17 as their trusted financial partner.

When the banking industry tightened lending due to liquidity and rising delinquencies, 7 17 continued to meet the lending needs of our members and the community. The credit union saw nearly 6% loan growth, double the national average for credit unions in 2023.

Strong loan growth was demonstrated with 7 17 serving as the top auto lender in the Mahoning Valley with more than 8,000 vehicles financed across Northeast Ohio. While many institutions pulled back on auto lending in 2023, 7 17 continued to meet the needs of purchasers while supporting our local network of dealerships.

Despite a tight housing market, in 2023, 7 17 closed a total of 460 mortgages with an overall volume of \$73 million. At an average of \$158,000 per loan, 7 17 was committed to providing local working families access to affordable housing.

To further demonstrate commitment to the community, the credit union assisted local businesses pursuing opportunities for growth by disbursing more than \$67 million in commercial loan dollars.

The strength of your credit union and its safety and soundness, along with a strong commitment to staff, members, and the community was further evidenced by national and regional attention received in 2023.

7 17 was named a top credit union in the nation by both Forbes and Newsweek. The Forbes ranking was based on consumer surveys focused on relationship and looked at factors such as trust, customer service and financial advice. Newsweek's evaluation focused on the overall health and stability of the organization.

The credit union was also named a NorthCoast99 Award Winner. The honor is awarded to 99 Northeast Ohio workplaces from a 22-county area that have exceptional policies, practices, and benefits that are shown to attract and retain top performing employees.

As proud as we are of these honors, we are more pleased with feedback coming directly from our members. Across Google reviews, 7 17 branches average a 4.7 out of 5-star rating. In addition, 7 17 participates in a mystery shopping program consistently ranking among the top peer credit unions with an average score of 4.87 out of 5.

Surveyed members, when asked how likely they were to refer 7 17 to family and friends on a scale of 0-to-10, gave an average score of 9.2.

While 2023 was a great year for your credit union, we recognize that inflation, rising market rates, and the potential for recession created additional financial uncertainty for many consumers and businesses. 7 17 maintained a net worth ratio, a measure of safety and soundness, of 13.6%. This is nearly double the regulatory definition of a well-capitalized credit union. As such, 7 17 is well positioned to assist members through financially challenging times now and in the future.

We thank you for your trust and remain committed to our mission of helping members improve their lives financially and supporting the communities we serve.

Respectfully yours,

John Demmler
John Demmler, President & CEO

Paul Marshall
Paul Marshall, Chairman of the Board of Directors

Summary Financial Data

| Balance Sheet | December 31, | |
|--|--------------------------|-------------------------|
| | 2023 | 2022 |
| Assets | | |
| Cash and Cash Equivalents | \$ 24,420,629 | \$ 29,004,063 |
| Investments | 171,962,571 | 156,600,205 |
| Member Loans (Net of Allowance for Credit Losses) | 1,333,268,993 | 1,272,586,010 |
| Premises and Equipment (Net) | 22,854,931 | 24,790,684 |
| Other Assets | 81,630,061 | 57,630,110 |
| Total Assets | \$ 1,634,137,185 | \$ 1,540,611,072 |
| Liabilities and Members' Equity | | |
| Members' Share and Savings Accounts | 1,313,971,099 | 1,241,807,610 |
| Accrued Expenses and Other Liabilities | 112,347,357 | 106,250,687 |
| Total Liabilities | 1,426,318,456 | 1,348,058,297 |
| Members' Equity | 207,818,729 | 192,552,775 |
| Total Liabilities & Equity | \$ 1,634,137,185 | \$ 1,540,611,072 |
| | | |
| Income Statement | Years ended December 31, | |
| | 2023 | 2022 |
| Interest Income | | |
| Interest on Loans | \$ 72,931,514 | \$ 54,701,689 |
| Interest on Investments | 3,675,084 | 2,350,386 |
| | 76,606,598 | 57,052,075 |
| Interest Expense | | |
| Members' Accounts and Borrowed Funds | 18,172,452 | 3,899,369 |
| Net Interest Income | 58,434,146 | 53,152,706 |
| Provision for Credit Losses | 8,540,083 | 3,452,762 |
| Net Interest Income After Provision for Credit Losses | 49,894,063 | 49,699,944 |
| Non-Interest (Income) Expense | | |
| Compensation and Employee Benefits | 35,479,385 | 34,014,472 |
| Occupancy and Operation Expenses | 22,306,404 | 19,461,934 |
| Other Operating (Income) Expenses | (21,231,562) | (19,315,772) |
| | 36,554,227 | 34,160,634 |
| Net Income | \$ 13,339,836 | \$ 15,539,310 |

The 2023 Audited Consolidated Financial Statements and Independent Auditor's Report thereon can be found for reference on our website at www.717cu.com/annualreport.

The Board of Directors

At your credit union, volunteers are the voice of the membership. Volunteers, elected by you, serve on your Board of Directors, which sets policy and oversees the direction of the credit union. Directors are charged with the responsibility of operating your credit union for the common good of us all, the members/owners. Volunteers also serve on the Supervisory Audit Committee. Directors, as well as appointed committee members, are members just like you. They devote countless hours to make sure that 7 17 Credit Union continues to provide you with the financial security and superior service you have come to expect.

The members of the Board of Directors are: Paul Marshall, chairman; Jack Wilster, vice chairman; Raymond "Corky" Manofsky, second vice chairman; Cheryl DiGiacobbe, secretary/treasurer; Arlene Mathes, assistant secretary/treasurer; Michael Anness, director; and Denise Boyes, director.

Thank You to our Volunteers

Thank you to our volunteers for all their years of service:

- Raymond "Corky" Manofsky, 53 years
- Jack Wilster, 38 years
- Don Woodard, 35 years
- Cheryl DiGiacobbe, 33 years
- Arlene Mathes, 33 years
- Michael Anness, 10 years
- Jennifer Daniszewski, 10 years
- Paul Marshall, 7 years
- Robert Maiorano, 6 years
- George Papuga, 4 years
- Denise Boyes, 1 year
- Theodore Bangert, serving his first year



Management's Responsibility for Financial Statements

The management of 7 17 Credit Union, Inc. is responsible for the preparation and integrity of the financial statements and all other financial information presented in this report. These financial statements have been prepared in accordance with accounting principles generally accepted in the United States, and include, where necessary, amounts that are based upon management's best estimates and judgments.

7 17 maintains a system of accounting and internal controls, including an internal auditing function, to provide reasonable assurance that assets are safeguarded and transactions are properly recorded. Established written policies and procedures serve as the basis for these controls. They are implemented by trained, skilled personnel with appropriate segregation of duties and are monitored through a comprehensive internal audit program. As needed, these policies and procedures are modified in response to changes in business conditions and recommendations by the independent accountants and the internal auditors.

Nearman, Maynard, Vallez, Certified Public Accountants, were retained as independent auditors to audit the 2023 financial statements of 7 17. The 2023 Audited Consolidated Financial Statements and Independent Auditor's Report thereon can be found for reference on our website at www.717cu.com/annualreport.

The Supervisory Audit Committee, a body consisting of volunteers from among the ranks of our membership, review the reliability of the auditing process on behalf of the interests of all 7 17 members. The Supervisory Audit Committee meets regularly with management, the internal auditors and the independent auditors to discuss internal controls and accounting, auditing and financial reporting matters.

John Demmler
John Demmler, President & CEO

Shelly Pawcio
Shelly Pawcio, CPA, Senior Vice President & CFO

Report of the Supervisory Audit Committee

The responsibility of the Supervisory Audit Committee is to help assure, for the benefit of the credit union and its members/owners, the safety of deposits, the soundness of management and fairness to all members.

In connection with its responsibilities, the committee met with management, the internal auditors and representatives of Nearman, Maynard, Vallez, the credit union's independent auditor, to review and discuss the adequacy of the credit union's internal controls and its financial reporting objectivity.

The committee discussed with Nearman, Maynard, Vallez the auditor's independence from the credit union and its management. These two groups also discussed matters required to be discussed by the *Statement on Auditing Standards No. 114 (The Auditor's Communication With Those Charged With Governance)* of the Auditing Standards Board of the American Institute of Certified Public Accountants.

Based upon these discussions and reviews, the Supervisory Audit Committee has recommended to the Board of Directors that summary financial data be included in this annual report, and that the 2023 Audited Consolidated Financial Statements and Independent Auditor's Report thereon be available for reference on our website at www.717cu.com/annualreport.

Don Woodard
Don Woodard
Chairman, Supervisory Audit Committee



The members of the Supervisory Audit Committee are: Don Woodard, chairman; Jennifer Daniszewski; Robert Maiorano; George Papuga; and Theodore Bangert.

