



**TOWPATH**  
CREDIT UNION

# 2023 Annual Report

EXCEPTIONAL SERVICE

THE BEST TECHNOLOGY

*The Best of Both Worlds*



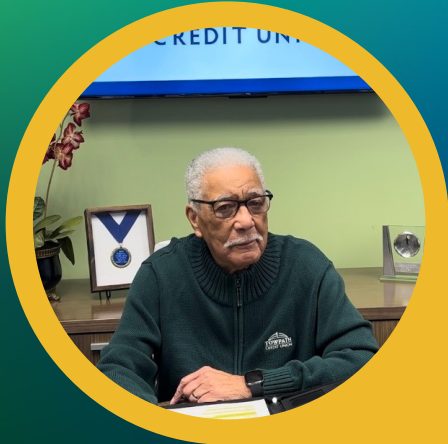
## Message from the Board Chair & CEO:

Dear Valued Members,

We are delighted to share with you Towpath Credit Union's Annual Report for 2023. This past year has been one of exceptional growth and success, driven by our strategic pillars of vitality, innovation, and philosophy. The unwavering leadership of our Board of Directors and the dedication of our credit union staff have been instrumental in furthering our mission of financial strength, innovation, and putting people first throughout our nearly 88-year history.

Despite the challenges faced by the financial services industry in 2023, Towpath CU stood strong due to our commitment to maintaining a robust balance sheet and fiscal discipline. While many institutions saw a decrease in loans and deposits, we experienced significant growth across multiple metrics including our loan portfolio, deposits, Membership numbers, retained earnings, and capital. This success underscores our resilience and ability to navigate economic cycles effectively, ensuring we can continue serving our Members and community with excellence.

Our financial vitality has been a catalyst for innovation, as evidenced by our recent completion of a comprehensive digital upgrade initiative. This initiative has not only enhanced our service offerings but also fortified our digital capabilities to better meet the evolving needs of our Members. Whether through in-person interactions or our cutting-edge digital channels, we remain committed to earning and maintaining your trust by providing secure and efficient financial solutions.



Lester Carney, Board Chairman

Michael Sferro, President & CEO



Lester Carney, Board Chairman

## Continued:

While financial strength and technological advancement are crucial, our credit union's philosophy sets us apart. As a not-for-profit cooperative, we are deeply committed to enhancing the lives of our Members and communities. In 2023, we expanded our support for local organizations, awarded scholarships to deserving scholars, and collaborated with Akron Public Schools to provide essential services and financial education. Our dedication to fostering a thriving community remains stronger than ever as we embark on the journey into 2024.

We sincerely appreciate the trust you have placed in us to fulfill your financial needs. We understand that you have numerous options, and we pledge to never take your trust for granted. A heartfelt thank you to our exceptional staff for their hard work and dedication. We extend our gratitude to our esteemed Board of Directors for their vision and commitment to Towpath Credit Union's future. Most importantly, we thank our Members for being the driving force behind everything we do. Serving you is our privilege, and we look forward to continuing this journey together.

Warm regards,

Lester Carney, Chairman of the Board of Directors  
Michael Sferro, President & Chief Executive Officer

# MEET OUR BOARD OF DIRECTORS

- Lester Carney, Chairman
- Earnest Steele, Vice Chairman
- Judi Hill, Secretary
- Marcella Grande, Treasurer
- Brian Gay, Director
- Jim Talley, Director
- Kelly Peters, Director

# LENDING REPORT

Throughout 2023, interest rates increased across the industry and our members continued to trust us with their lending needs. We offer fair rates and strive to provide excellent member service, and we worked cooperatively during 2023 to build new incredible technology for the credit union's digital upgrade in 2024.

We redesigned our Towpath CU Credit Cards for ease of use with tap-to-pay technology, helping members keep our card top of wallet. Our knowledgeable Mortgage Team helped our members purchase their first home or the home of their dreams. Our experienced Lending Team helped members finance cars, consolidate debt, understand their home equity loans and lines of credit, and so much more in 2023. It's important that we work to improve the financial wellness of our communities, and last year we increased our loan portfolio by 9.3% with over \$11 million in loans extended. The credit quality of our loan portfolio continues to be very high as our Member Solutions Team works with members who are faced with financial challenges to help them maintain their loan payments and credit union relationship.

Towpath CU embodies the "people helping people" philosophy, and I am proud to announce that we have 15 Certified Credit Union Financial Counselors, or CCUFCs, to provide financial guidance for members. This helps us pair our excellent member service with our new, out of this world technology to serve our members with the best of both worlds.

**Kendra Dragomir**

Senior Vice President  
Chief Lending Officer



# FINANCIAL STRENGTH

Looking back at 2023, Towpath Credit Union continued to thrive and serve our Members with excellence as we worked toward new innovations in our recently released digital upgrades. We rounded out the year with \$198 MM in assets. Despite economic challenges and uncertainty last year, we were able to achieve impressive results and strengthen our Balance Sheet. We monitored market rates closely and worked to maintain healthy interest margins between loans and shares. Our share growth strategy helped to offset the need for potential borrowings and boost liquidity. This was driven by robust share rates with the objective of paying our Members first, which correlated to 6% share growth with the credit union reaching \$175.8 MM in shares. This share growth led the way for over 9% net loan growth, bringing us in at nearly \$132 MM in outstanding loans. Net income for 2023 totaled just over \$1 MM and positions us nicely for 2024, adding to our capital balance, which is now over \$20 MM. Our current capital ratio of 10.67% reflects our financial strength and we remain in the well-capitalized category set by the State of Ohio regulators.

We believe these achievements demonstrate our commitment to providing value, security, and innovative services to you, our Members, and our community. We are proud of our accomplishments and grateful for your trust and confidence in our credit union which helped pave our way. We look forward to serving you in 2024 and beyond.

**Lisa Dawson**  
Executive Vice President  
Chief Financial Officer





ASSETS	2023	2022	2021
Cash	\$10,624,619	\$4,137,897	\$18,785,220
Loans to Members	\$130,938,580	\$120,374,935	\$97,264,548
Investments	\$48,414,138	\$55,547,588	\$52,296,624
Insurance Reserves	\$2,156,495	\$2,121,083	\$1,764,085
Land, Building and Equipment Net of Depreciation	\$4,891,626	\$4,132,745	\$4,125,373
Accrued Income, Prepaid Expenses & Other Assets	\$988,006	\$5,369,572	\$4,490,653
<b>TOTAL ASSETS</b>	<b>\$198,013,463</b>	<b>\$191,683,820</b>	<b>\$178,726,504</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>			
Accounts Payable and Other Liabilities	\$2,085,392	\$6,105,330	\$1,248,885
Members' Savings	\$175,775,684	\$165,813,166	\$158,367,649
Reserves & Undivided Earnings (internally prepared)	\$20,152,387	\$19,765,324	\$19,109,969
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$198,013,463</b>	<b>\$191,683,820</b>	<b>\$178,726,504</b>

## CERTIFIED ANNUAL AUDIT:

Towpath Credit Union engages the Certified Public Accounting (CPA) firm of Lillie and Company to perform an audit of the Credit Union's financial statements. The objective of this audit is to ensure that the Credit Union's financial statements are presented fairly in accordance with Generally Accepted Accounting Principles (GAAP). In the opinion of our Certified Public Accountants, the December 31st, 2023, statement of financial condition is fairly stated in accordance with GAAP. Towpath Credit Union remains financially strong and dedicated to its Members. It has been my pleasure to serve you in this capacity.

***Marcella Grande, Treasurer***

# Helping More People Through Collaboration



Towpath Credit Union announced a collaboration with Goodwill Industries of Akron, Ohio, Inc. (GIA) in January of 2024. Together, Towpath Credit Union and GIA now offer a revolving auto loan program to members of the Summit County community.

GIA was awarded an unrestricted gift of \$5 million from philanthropist Mackenzie Scott in 2020. \$3 million of these funds were designated to expand transportation support to the five counties GIA serves. GIA's revolving auto loan program is designed to help individuals that may experience difficulty qualifying for traditional loans or would otherwise be vulnerable to predatory lending.

"We are ecstatic about this program and are honored to partner with GIA for its launch. We look forward to helping many people build their credit histories and overcome transportation barriers, removing obstacles from realizing a better job and a better life", said Michael Sferro, President & CEO



# 2024 Digital Upgrade

We launched our Digital Upgrade on March 4, 2024. Our journey to this moment was filled with nothing but thought and concern for our Members' banking and service experience.

We hope you've taken the time to re-enroll in the new system and have experienced the new and improved digital banking and app. Our staff has worked tirelessly for over a year to perfect the new offerings and become experts in this system to provide our Membership with the best support possible.

You are now able to make external and internal transfers, apply for loans and open accounts, link external bank accounts, and check your credit score and spending with ease.

While these examples are only a portion of the new features at your fingertips, we look forward to developing our new tools to meet your needs and establish Towpath CU as your primary financial institution.





**TOWPATH**  
CREDIT UNION

## Get in touch.

Call or Text: (330) 664-4700

Email: [hello@towpathcu.com](mailto:hello@towpathcu.com)

Visit: [towpathcu.com](http://towpathcu.com)



@towpathcu



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This institution is not federally insured, and if the institution fails, the Federal Government does not guarantee that depositors will get back their money. **MEMBERS' ACCOUNTS ARE NOT INSURED OR GUARANTEED BY ANY GOVERNMENT OR GOVERNMENT-SPONSORED AGENCY.**