

Polish Falcons of America
Quarterly Board of Directors Meeting

July 30, 2022 8:30 a.m.

Roll Call:

In person:

President Timothy Kuzma

First Vice President Patricia Del Busse

Second Vice President Daniel Michalak

Secretary/Treasurer Ryan Gregg

District I Director Malgorzata Los (absent)

District II Director Thomas Eckert (via Zoom)

District IV Director Patricia Capozoli

District V Director John Kowarik

District VI Director Mark Albin

District VII Director Thomas Washington

District IX Director Rebecca Sienkiewicz

District XIII Director Charles Johns

Legal Counsel Richard Joseph Federowicz (via Zoom)

President Kuzma opened the meeting at 8:30 a.m. with roll call.

Pledge of Allegiance

Druhna Trish said a prayer.

Special Convention:

A brief discussion was held regarding the Special Convention and Celebration that was held the last two days. Overall, the entire Board was pleased with the results.

Our core governance structure has been dramatically changed. Once the minutes are received, the PA Insurance Department will be sent the revised Constitution.

The Board will discuss the new requirements starting at the November Board of Directors Meeting.

Druh Federowicz congratulated all involved on a job well done!

Minutes: All of the minutes from previous Board of Directors meetings and Special Board meetings were approved and will stand as presented.

Current Status and Updates:

Druh Gregg provided a financial presentation regarding the first quarter.

Board Meeting Financial Report

July 30, 2022

Annual Statement

Highlights

Balance Sheet

- Total Assets \$40.71M as of June 30, 2022.

| Line | Asset Description | 6/30/2022 | 3/31/2022 | 12/31/2021 | 9/30/2021 | 6/30/2021 |
|------|--|------------|------------|------------|------------|------------|
| 01 | Bonds (Schedule D) | 38,312,778 | 36,796,078 | 36,728,734 | 35,811,608 | 34,988,262 |
| 02.1 | Preferred stocks (Schedule D) | - | - | - | 100,000 | 100,000 |
| 02.2 | Common stocks (Schedule D) | 92,251 | 88,405 | 81,705 | 74,253 | 130,439 |
| 04.2 | Properties held for the production of income (less \$... encumbrances) | - | - | - | - | - |
| 04.3 | Properties held for sale (less \$... encumbrances) | - | 963,380 | 968,996 | 1,049,612 | 1,055,229 |
| 05 | Cash | 958,068 | 595,663 | 1,317,921 | 1,353,304 | 1,093,159 |
| 06 | Contract loans | 141,392 | 139,956 | 138,872 | 134,235 | 133,690 |
| 08 | Other invested assets (Schedule BA) | 400,181 | 412,097 | 428,039 | 433,265 | 398,628 |
| 12 | Subtotals, cash and invested assets | 39,904,670 | 38,995,579 | 39,664,267 | 38,956,278 | 37,899,407 |
| 14 | Investment income due and accrued | 515,875 | 549,122 | 519,739 | 545,348 | 499,649 |
| 15.1 | Uncollected premiums and agents' | 15,821 | 11,773 | 8,953 | 14,549 | 9,252 |
| 16.1 | Amounts recoverable from reinsurers | 60,891 | 1,039,943 | 330,868 | 108,394 | 32,634 |
| 20 | Electronic data processing equipment | 23,943 | 9,405 | 3,617 | 4,211 | 3,595 |
| 23 | Related Party Receivables | 133,333 | 122,674 | 93,138 | 90,598 | 80,154 |
| 25 | Aggregate write-ins | 55,556 | 47,229 | 55,432 | 140,613 | 150,394 |
| 26 | Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) | 40,710,089 | 40,775,725 | 40,676,014 | 39,859,991 | 38,675,085 |
| 28 | Total (Lines 26 and 27) | 40,710,089 | 40,775,725 | 40,676,014 | 39,859,991 | 38,675,085 |

- Assets have grown approximately \$34K vs. prior year, down approx. \$65k vs prior quarter.
- Bonds increased approx. \$1.52M vs prior quarter and up \$1.58M vs prior year end; free cash flow from the real estate sales were invested along with free cash flow from the monthly reinsurance settlement.
- Common stocks increased \$4k vs. prior quarter and \$11k since year end; Parkway continues to average into the index funds purchasing more in Q2 as equity markets struggle; Parkway has a long-term view on the index funds, which has time and time again been proven to be a sound investment strategy long-term. YTD unrealized losses totaled approx. \$19k. Life to date unrealized losses total \$1,100 since PFA amended the investment policy to allow equity purchases in 2020.

- Dunellen property sale closed as of April 7, 2022 and the Polanka sale closed as of April 20, 2022.
 - Cash fluctuates based on timing of investment, as of quarter-end cash amounted to \$958K
 - Contract loans remained consistent vs past quarters
 - Other Invested Assets, Schedule BA, decreased by the unrealized loss in FCH LLC for the quarter. Although Polanka has been sold, there are carrying costs such as audit fees, business insurance and liquor license renewal.
 - Investment income accrued decreased \$33k from prior quarter.
 - Uncollected premiums remained consistent with past quarters.
 - Amounts recoverable from reinsurers decreased \$979k vs. prior quarter. PFA had significant annuity outflows from the reinsured block in March and Q1 as a whole; annuity claims on the block stabilized in Q2.
 - Electronic data processing equipment increased \$15k due to the building and implementation of the member portal. The portal will be depreciated over 3 years as per statutory guidelines.
 - Related party receivables increased \$40k since prior year-end and \$10k since previous quarter. Insurances, audit fees and other expenses paid on Camp/LLC behalf represent the 2022 increase.
 - Write-ins increased 8k vs. previous quarter.
 - PFA's portfolio continues to be strong during these tumultuous times. 99.36% of the bond portfolio are investment grade bonds at graded either NAIC 1 or NAIC 2 ratings. The yield on the portfolio was 4.84% at quarter end. The only dropped 1 bps vs. prior quarter displaying the high yields new purchases are bringing in. Average yield on the 19 purchases during the quarter amounted to 4.37%. Average yield is up 109 bps vs last quarter purchases and continues to climb with a June purchase exceeding 5% yield. The fair market value again saw a drastic reduction with interest rates continuing to rise and stands at roughly an unrealized loss of 1.69M. PFA is not impacted by the significant market moves, as the NAIC designed statutory accounting to focus on asset/liability matching as opposed to market fluctuations. As interest rates increase, corporate bond yields will naturally tick up. Although PFA's unrealized position continues in a negative direction, investment income and overall yield should increase quarter over quarter until interest rates stabilize.
- Liabilities totaled \$39.29M as of June 30, 2022.

| Line# | Description | 6/30/2022 | 3/31/2022 | 12/31/2021 | 9/30/2021 | 6/30/2021 |
|-------|--|------------|------------|------------|------------|------------|
| 01 | Aggregate reserves | 33,025,330 | 32,931,560 | 32,503,770 | 31,997,259 | 31,277,171 |
| 02 | Aggregate reserve for accident and health contracts | 625,943 | 624,924 | 639,688 | 675,576 | 555 |
| 04.1 | Contract Claims: Life | 282,522 | 342,988 | 446,024 | 378,153 | 549,574 |
| 04.2 | Accident and health | 59,178 | 64,782 | 69,496 | 72,957 | 7,065 |
| 08 | Advanced Premiums | 6,234 | 6,654 | 6,238 | 7,149 | 5,117 |
| 09.3 | Amounts payable on reinsurance | - | - | - | - | - |
| 09.4 | Interest maintenance reserve | 2,268,003 | 2,343,814 | 2,429,075 | 2,485,212 | 2,539,244 |
| 10 | Commissions due or accrued | 3,412 | 3,975 | 19,312 | 5,084 | 16,435 |
| 12 | General expenses due or accrued | 19,739 | 18,739 | 64,668 | 19,763 | 50,275 |
| 17 | Amounts withheld or retained by reporting entity as agent or trustee | 2,607,927 | 2,590,172 | 2,597,925 | 2,581,195 | 2,599,121 |
| 22 | Borrowed money \$... and interest thereon \$... | - | 28,015 | - | - | - |
| 24.01 | Asset valuation reserve | 226,330 | 279,394 | 293,032 | 287,438 | 310,566 |
| 25 | Aggregate write-ins for liabilities | 161,401 | 213,680 | 181,139 | 166,219 | 150,132 |
| 28 | Total liabilities (Lines 26 and 27) | 39,286,019 | 39,448,697 | 39,250,367 | 38,676,005 | 37,505,255 |
| 35 | Unassigned funds (surplus) | 1,424,070 | 1,327,028 | 1,425,648 | 1,183,986 | 1,160,408 |
| 39 | Liabilities and Surplus | 40,710,089 | 40,775,725 | 40,676,015 | 39,859,991 | 38,665,663 |

- Reserves have increased approx. \$522k since year end and \$94k since Q1. The large outflow of annuity dollars in Q1 curbed reserve growth vs. historical figures YTD.
- Health reserves decreased 15k since year end and increased \$1k since Q1
- Pending claims have decreased \$174k since year end and \$65k since Q2 due to state escheatment that has occurred through 6/30 and other pending policies being paid.
- IMR has decreased approx \$161k since year end and \$76k from Q1-losses of \$55k were transferred to IMR through 6.30
- Commissions due decreased \$16k since year end and has had minimal fluctuation since Q1
- General Expenses due decreased \$45k since year end and remained consistent since Q1
- Nests trust assets have remained consistent quarter over quarter
- PFA satisfied the debt related to the premium financing for the New Jersey policies—refunds were received in early July
- AVR decreased \$53k due to the sale of the buildings and proceeds being invested in investment grade bonds.
- Aggregate liabilities decreased \$53k mainly due to a significant minor trust fund certificate being paid out.

REVENUE

| | Q2 2022 | Q2 2021 | % Variance | YTD 2022 | YTD 2021 | % Variance |
|-----------------------|-----------|-----------|------------|-----------|-----------|------------|
| Premiums | 336,774 | 548,578 | -63% | 1,271,609 | 1,057,257 | 17% |
| Investment Income | 428,158 | 403,272 | 6% | 901,005 | 814,055 | 10% |
| Amortization of IMR | 53,099 | 54,730 | -3% | 106,261 | 109,325 | -3% |
| Expense Allowances RE | 80,000 | 82,453 | -3% | 158,980 | 165,269 | -4% |
| Reserve Adj RE | (110,000) | 262,871 | -339% | (923,192) | 461,147 | -150% |
| Misc Income | 85,623 | 72,937 | 15% | 111,476 | 152,761 | -37% |
| | 873,654 | 1,424,841 | -63% | 1,626,139 | 2,759,814 | -70% |

- Total revenues totaled \$874k vs. \$1.4M in the prior year quarter. YTD revenues total \$1.63M vs. \$2.76M prior year to date.
 - Net Q1 2022 premiums totaled \$336,774k vs. \$548,578k vs Q4 2021. Premiums

continue to suffer, down 63% in Q2 vs prior year Q2; however YTD we see a 17% gain. This 17% gain is almost fully attributable to Med Supp premiums being 100% retained this year, as the recapture occurred as of 7/1/22 last year. Jared Gostanczik, Sales Director, has yet to approach any distribution relationships until our systems are in place. We are targeting Q4 to see some noticeable results.

- Investment income totaled \$428k in Q2 2022 vs. \$403k in Q2 2021. With the bond asset base continuing to increase, investment income is outperforming prior quarter by 6% and YTD by 10%. Yields continue to tick up which will also continue to increase investment income.
- IMR was released on schedule; \$23k losses on disposals were transferred to IMR in Q1.
- Expense allowances decreased slightly naturally with less policies being administered over time; the expense allowance is based on number of active reinsured policies. PFA receives a 1% year over year increase on the allowance.
- Due to the significant outflows in the reinsured annuity block, there was a significant decrease in reserve credits related to the block, which was the main culprit in the reduction of revenue as a whole.

| RESERVE ADJ RE DETAIL | 6/30/2022 | 12/31/2021 | YTD CHANGE |
|------------------------|--------------|--------------|------------|
| GROSS ANNUITY RESERVES | 45,433,623 | 45,902,769 | (469,146) |
| HLIC RESERVE CREDIT | (32,069,336) | (32,992,528) | 923,192 |
| NET ANNUITY RESERVES | 13,364,287 | 12,910,241 | 454,046 |

- Miscellaneous income totaled \$86k for Q2 2022 vs. \$73k in Q2 2021; YTD miscellaneous income totals \$111k vs. \$153k. The uptick in Q2 was due to the late National Dues billing. National dues is still lagging behind prior year to date figures by \$17k due to the late billing, but PFA believes this will invert by year-end. PFA has seen an abundance of 11 year in arrears payments of \$132 subsequent to Rochelle Bolind researching possible new addresses and updating the database for undeliverable mailings we've been receiving.

| Expenses | Q2 2022 | Q2 2021 | % Variance | YTD 2022 | YTD 2021 | % Variance |
|----------------------------|----------|-----------|------------|-----------|-----------|------------|
| Death Claims | 121,373 | 186,831 | 54% | 364,159 | 349,771 | -4% |
| Surrenders/ Maturities | 68,767 | 31,323 | -54% | 79,266 | 50,513 | -36% |
| Annuity Claims | 220,620 | 206,941 | -6% | 697,088 | 406,530 | -42% |
| Medicare Supplement Claims | 73,136 | 8,556 | -88% | 135,260 | 18,138 | -87% |
| Increase in Reserves | (22,639) | 616,410 | 2823% | (424,402) | 1,217,825 | 387% |
| General Insurance | 368,686 | 346,617 | -6% | 718,388 | 681,884 | -5% |
| Commissions | 19,797 | 24,363 | 23% | 40,158 | 37,001 | -8% |
| Other Expenses | 27,268 | 30,549 | 12% | 73,944 | 80,108 | 8% |
| | 877,008 | 1,451,590 | 66% | 1,683,861 | 2,841,770 | 69% |

- Expenses totaled \$877k for Q2 2022 vs. \$1.45M in Q2 2021, a 66% positive variance.
 - Death claims normalized in Q2 vs. historical norms at \$121k vs. \$187k prior year Q2. YTD death claims amounted to \$364k vs. \$350k PYTD, a 4% negative variance.
 - Covid-19 related death claims slowed in the quarter totaling 5 deaths with benefits paid out of \$11k. PFA has had 75 related Covid-19 deaths with benefits of \$281k paid out overall.

- Surrender/Maturities ballooned due to the escheatment of unclaimed matured contracts to respective states of last address on file. PFA has to track all state due dates, as unclaimed rules and deadlines vary state to state.
- Net annuity claims also normalized in Q2 at \$221k vs. prior year Q2 of \$207k. YTD net annuity claims total \$697k vs. \$407k PYTD, negative variance of 42%. YTD gross annuity claims totaled \$2.75M, of which \$2M was reinsured, displaying the significance of the reinsurance agreement in supporting cash flow.
- Medicare Supplement claims is an apples to oranges comparison, as prior year PFA was ceding 90% of expense. The block was recaptured as of 7/1/21; gross claims prior year approximated to \$181k vs. \$135k YTD in 2022.
- Q2 2022 reserves decreased \$424k since year end. As mentioned, the driving factor of the reserve decrease were significant annuity outflows year to date. However, this line should be looked at in conjunction with the revenue "Reserve Adj RE" line.
- General insurance totaled \$369k for the quarter vs. \$347k prior year; YTD general insurance/fraternal totals \$718k vs. \$682k, an increase of 5%. The main driver is the lack of ceding of medicare supplement expenses. Variances of items >\$10k were reviewed that compose this line item.
 - Contribution for benefit plans decreased \$21k vs. PYTD; this line item includes health insurance and pension contributions; due to the plan overfunding, no employer contributions will be made, which drove this difference.
 - Actuarial/CPA fees were down \$47k due to the fact PFA is not rolling out a new product as it was in 2021. Also Allen Bailey & Associates is being very cost conscience in their billings. CPA fees are down due to the timing of the billing of the 2021 audit.
 - Agency Expense Allowance was up \$10k due to PFA recognizing 100% of med supp TPA fees and Jared's Finra license fees of \$3,400.
 - Fraternal Activities were up \$15k due to increased events being held vs. 2021 and PFA's matching Ukraine matching donation of \$10k
 - Prior year, PFA ceded \$37k of medicare supplement expenses, which aligns with the overall variance of the line item. This displays PFA's cost control in a rapidly inflationary environment impacting all industries.
- Commissions totaled \$20k; quarterly and YTD commission/premium figures align with historical norms.
- Other expenses totaled \$74k YTD vs. \$80k prior year to date. PFA will continually see savings here quarter over quarter, as various NJ building expenses were grouped in this line.
- PFA's Med Supp lapse rate continues to outperform the projections provided by Allen Bailey & Associates; ABA was projecting 120 active policies by EOY 2022. PFA currently sits at 115 active policies as of June 30, 2022. PFA is releasing \$805 per lapse policy from the deficiency reserve, based on a conservative profitability calculation on the long-term activity of the block.
- Additional note, unclaimed property was escheated to 16 different states YTD totaling approx. \$64k.

| | Q2 2022 | Q2 2021 | % Variance | YTD 2022 | YTD 2021 | % Variance |
|-------------------------|----------------|----------------|-------------------|-----------------|-----------------|-------------------|
| Realized Gain (Loss) | 112,589 | 170,807 | -52% | 112,436 | 170,287 | -51% |
| Net Income | 58,716 | 144,058 | -145% | 54,714 | 88,331 | -61% |
| Surplus Adj | 38,326 | (53,500) | 240% | (56,292) | (115,261) | 105% |
| Total Change in Surplus | 97,042 | 90,558 | 7% | (1,578) | (26,930) | 1607% |
| Beginning Surplus | 1,327,028 | 1,069,850 | | 1,425,648 | 1,187,338 | |
| Ending Surplus | 1,424,070 | 1,160,408 | | 1,424,070 | 1,160,408 | 19% |

- Realized gains totaled \$113k for the quarter and \$112k YTD, mainly comprised of the NJ property sales. The Polanka sale amounted to realized gains of approx. \$122k while the Dunellen sale resulted in realized losses of \$13k. Prior year realized gains were mainly comprised of the forgiveness of the PPP loan.
- Net income for the quarter totaled \$59k vs. \$144k prior year. YTD net income totals \$55k vs. \$88k PYTD. YTD surplus adjustments total \$(56k) vs. prior year of \$(115k). See below for detail.

| YTD SURPLUS ADJUSTMENTS | YTD 2022 | YTD 2021 |
|--------------------------------|-----------------|------------------|
| Unrealized Gains | (47,238) | (13,732) |
| Change in Nonadmitted Assets | (26,257) | (37,599) |
| Change in AVR | 66,702 | (14,431) |
| Ceding Allowance Amortization | (49,499) | (49,499) |
| | <u>(56,292)</u> | <u>(115,261)</u> |

- Overall change in surplus for Q2 2022 totaled a gain of \$97,042 vs. a Q2 2021 gain of \$90,558. YTD change in surplus totaled a loss of \$1,578 vs. prior year loss of \$26,930. Surplus stands at \$1,424,070 as of June 30, 2022.

Recap and Looking Forward

- Yet another quarter of treading water.
- Polanka/Dunellen were both finally sold, providing short-term and long-term surplus relief
- Premiums are still suffering as system development is still the focus. We hope to see noticeable growth in life premiums in Q4 this year.
- iCover, our Eapp partner, leaves us with the potential to grow consistently quarter over quarter and also opens the door for Direct to Consumer sales.
- Corporate Bond Yields continue to uptick with the rampant movement of inflation and the feds attempt to control it with rate hikes. PFA continues to see spreads increase along with investment income.
- With everything that occurred in Q2, state expansion applications have yet to be submitted. However, with an average turnaround of 90 days, we should still be in a good situation if applications are submitted in August.

- With added expenses to aid in growth and leveraging technology, another reinsurance deal is in consideration. If we deem the offers are lucrative enough for the Board's consideration upon actuary/investment advisor review, we will present as such.

Amended Annual Statement

July 30, 2022

- During McKeever Varga & Senko's (MVS) audit of the 2021 Annual Statement, a technical discrepancy was noted regarding the recognition of the Nest 725 building that was remitted as part of the Nest's dissolution. The initial filing recognized the building as miscellaneous income at the estimated fair value as of the acquisition date (\$350,000). Subsequently, PFA purchased the bowling alley business attached to the building for \$72,000, which netted as a whole against miscellaneous income in the original filing.
- Per SSAP 26-R, contributed real estate should be recognized as contributed surplus, as such, a reclassification of the treatment was made and the annual statement was amended.
- Additionally the business purchase was added to the building basis reducing realized gains.
- The amended statement had no impact to overall surplus or Risk Based Calculation (RBC).
- The change had ripple effects throughout the statement, which the main areas that were changed are highlighted below.

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Polish Falcons of America SUMMARY OF OPERATIONS

| | 1 Current Year |
|--|-------------------|
| 1. Premiums and annuity considerations for life and accident and health contracts (Exhibit 1, Part 1, Line 20.4, Col. 1, less Col. 11) | 2,814,699 |
| 2. Considerations for supplementary contracts with life contingencies | 0 |
| 3. Net investment income (Exhibit of Net Investment Income, Line 17) | 1,732,923 |
| 4. Amortization of Interest Maintenance Reserve (IMR, Line 5) | 218,623 |
| 5. Separate Accounts net gain from operations excluding unrealized gains or losses | 0 |
| 6. Commissions and expense allowances on reinsurance ceded (Exhibit 1, Part 2, Line 26.1, Col. 1) | 325,750 |
| 7. Reserve adjustments on reinsurance ceded | 477,845 |
| 8. Miscellaneous Income: | |
| 8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts | 0 |
| 8.2 Charges and fees for deposit-type contracts | 0 |
| 8.3 Aggregate write-ins for miscellaneous income | 196,799 |
| 9. Total (Lines 1 to 8.3) | 5,766,639 |

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Polish Falcons of America SUMMARY OF OPERATIONS

| | 1 Current Year |
|--|-------------------|
| 1. Premiums and annuity considerations for life and accident and health contracts (Exhibit 1, Part 1, Line 20.4, Col. 1, less Col. 11) | 2,814,699 |
| 2. Considerations for supplementary contracts with life contingencies | 0 |
| 3. Net investment income (Exhibit of Net Investment Income, Line 17) | 1,732,923 |
| 4. Amortization of Interest Maintenance Reserve (IMR, Line 5) | 218,623 |
| 5. Separate Accounts net gain from operations excluding unrealized gains or losses | 0 |
| 6. Commissions and expense allowances on reinsurance ceded (Exhibit 1, Part 2, Line 26.1, Col. 1) | 325,750 |
| 7. Reserve adjustments on reinsurance ceded | 477,845 |
| 8. Miscellaneous Income: | |
| 8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts | 0 |
| 8.2 Charges and fees for deposit-type contracts | 0 |
| 8.3 Aggregate write-ins for miscellaneous income | 474,799 |
| 9. Total (Lines 1 to 8.3) | 6,044,639 |

| | |
|--|----------|
| 29. Net gain from operations before dividends to policyholders, refunds to members and federal income taxes (Line 9 minus Line 28) | (14,829) |
| 30. Dividends to policyholders and refunds to members | 1,110 |
| 31. Net gain from operations after dividends to policyholders, refunds to members and before federal income taxes (Line 29 minus Line 30) | (15,939) |
| 32. Federal and foreign income taxes incurred (excluding tax on capital gains) | 0 |
| 33. Net gain from operations after dividends to policyholders, refunds to members and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32) | (15,939) |
| 34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$ (excluding taxes of \$ 0 transferred to the IMR) | 136,240 |
| 35. Net income (Line 33 plus Line 34) | 120,301 |

29. Net gain from operations before dividends to policyholders, refunds to members and federal income taxes (Line 9 minus

Amended

| | | |
|------|---|-----------------|
| 36. | Capital and surplus, December 31, prior year (Page 3, Line 38, Col. 2) | 1,187,33 |
| 37. | Net income (Line 35) | 120,30 |
| 38. | Change in net unrealized capital gains (losses) less capital gains tax of \$ | (33,20) |
| 39. | Change in net unrealized foreign exchange capital gain (loss) | |
| 40. | Change in net deferred income tax | |
| 41. | Change in nonadmitted assets | (102,89) |
| 42. | Change in liability for reinsurance in unauthorized and certified companies | |
| 43. | Change in reserve on account of change in valuation basis, (increase) or decrease | |
| 44. | Change in asset valuation reserve | 3,10 |
| 45. | Change in treasury stock (Page 3, Lines 36.1 and 36.2, Col. 2 minus Col. 1) | |
| 46. | Surplus (contributed to) withdrawn from Separate Accounts during period | |
| 47. | Other changes in surplus in Separate Accounts Statement | |
| 48. | Change in surplus notes | |
| 49. | Cumulative effect of changes in accounting principles | |
| 50. | Capital changes: | |
| 50.1 | Paid in | |
| 50.2 | Transferred from surplus (Stock Dividend) | |
| 50.3 | Transferred to surplus | |
| 51. | Surplus adjustment: | |
| 51.1 | Paid in | |
| 51.2 | Transferred to capital (Stock Dividend) | |
| 51.3 | Transferred from capital | |
| 51.4 | Change in surplus as a result of reinsurance | (98,99) |
| 52. | Dividends to stockholders | |
| 53. | Aggregate write-ins for gains and losses in surplus | 350,00 |
| 54. | Net change in capital and surplus for the year (Lines 37 through 53) | 238,31 |
| 55. | Capital and surplus, December 31, current year (Lines 36 + 54) (Page 3, Line 38) | 1,425,64 |

Original

| | | |
|------|---|------------------|
| 37. | Net income (Line 35) | 470,301 |
| 38. | Change in net unrealized capital gains (losses) less capital gains tax of \$ | (33,204) |
| 39. | Change in net unrealized foreign exchange capital gain (loss) | |
| 40. | Change in net deferred income tax | |
| 41. | Change in nonadmitted assets | (102,893) |
| 42. | Change in liability for reinsurance in unauthorized and certified companies | 0 |
| 43. | Change in reserve on account of change in valuation basis, (increase) or decrease | |
| 44. | Change in asset valuation reserve | 3,103 |
| 45. | Change in treasury stock (Page 3, Lines 36.1 and 36.2, Col. 2 minus Col. 1) | 0 |
| 46. | Surplus (contributed to) withdrawn from Separate Accounts during period | |
| 47. | Other changes in surplus in Separate Accounts Statement | |
| 48. | Change in surplus notes | |
| 49. | Cumulative effect of changes in accounting principles | |
| 50. | Capital changes: | |
| 50.1 | Paid in | |
| 50.2 | Transferred from surplus (Stock Dividend) | |
| 50.3 | Transferred to surplus | |
| 51. | Surplus adjustment: | |
| 51.1 | Paid in | 0 |
| 51.2 | Transferred to capital (Stock Dividend) | |
| 51.3 | Transferred from capital | |
| 51.4 | Change in surplus as a result of reinsurance | (98,997) |
| 52. | Dividends to stockholders | |
| 53. | Aggregate write-ins for gains and losses in surplus | 0 |
| 54. | Net change in capital and surplus for the year (Lines 37 through 53) | 238,310 |
| 55. | Capital and surplus, December 31, current year (Lines 36 + 54) (Page 3, Line 38) | 1,425,648 |

CASH FLOW

Amended

| | 1 |
|--|----------------|
| | Current Year |
| Cash from Operations | |
| 1. Premiums collected net of reinsurance | 2,804,383 |
| 2. Net investment income | 1,735,119 |
| 3. Miscellaneous income | 336,169 |
| 4. Total (Lines 1 through 3) | 4,875,671 |

Original

| | 1 |
|--|----------------|
| | Current Year |
| Cash from Operations | |
| 1. Premiums collected net of reinsurance | 2,804,383 |
| 2. Net investment income | 1,735,119 |
| 3. Miscellaneous income | 264,169 |
| 4. Total (Lines 1 through 3) | 4,803,671 |

Amended

| | | |
|------|--|--------------------|
| 13. | Cost of investments acquired (long-term only): | |
| 13.1 | Bonds | 4,548,263 |
| 13.2 | Stocks | 30,249 |
| 13.3 | Mortgage loans | 0 |
| 13.4 | Real estate | 72,000 |
| 13.5 | Other invested assets | 0 |
| 13.6 | Miscellaneous applications | 0 |
| 13.7 | Total investments acquired (Lines 13.1 to 13.6) | 4,650,512 |
| 14. | Net increase (decrease) in contract loans and premium notes | 4,414 |
| 15. | Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) | (2,137,404) |

- Previous Items were the core changes made from the reclassifications.
- All other ancillary schedules throughout the statement that changed were driven through the core changes, as there are countless cross-references throughout the statement.
- The main decision-point to move-forward with the refile was the fact that a financial statement reader may misinterpret the core profitability of PFA with the building donation being reported as miscellaneous income vs. a surplus adjustment.
- PFA has implemented added controls to mitigate this reporting risk moving forward.
 - PFA moved statutory reporting software from Wings-Statutory Reporting to Gain Compliance
 - Wings had next to no assistance in regards to research or opinions on grey area reporting issues.
 - Not only is Gain Compliance much more advanced software wise; I have access to a team of compliance specialists that respond promptly.
 - Upon completion of reporting files, quarterly and annually, I have a meeting to discuss all areas of the statement and any questions their compliance team may have or address any questions I may have.

IRS Audit Report

July 30, 2022

- PFA recently received a letter for an IRS NonBank Trustee audit as of December 31, 2020. Ryan Gregg highlighted some general questions regarding the audit.
- What is a NonBank Trustee?
 - Nonbank custodian means a fund custodian, other than a bank, that meets the criteria of a trustee specified in Section 408(a)(2) of the Internal Revenue Code, which at its essence is any entity administering IRA accounts and correspondingly reporting 1099/5498
- Is this a normal audit?
 - Yes, IRS periodically selects NBT's for review of processes and reporting.
 - PFA was audited in 2016 for the year ending 12.31.2014
- What are they reviewing?
 - IRS has requested documents regarding business structure, insurances carried, audited financial statements with adequacy

of net worth calculation, account values, minutes, summary of 1099-R & 5498's issued and personnel files.

- When will this be completed?
 - Document request was submitted as of July 20, 2022. The IRS will conduct a round of interview with key staff prior to issuing a report. I would target late 2022 early 2023 for a final report.
- An additional note is that the IRS does not accept financial solvency calculations driven from Statutory accounting, as such, McKeever Varga & Senko prepared a Statutory to GAAP financial statement conversion to aid the calculation.

Audit Committee Report:

The audit committee met and was called to order at 11:00 AM on July 28, 2022

Attendance

Chuck Johns, Ryan Gregg, John Kowarik, Terri Barger, Tom Eckert Via Zoom
Joe Repko (Absent)

The committee met and reviewed the following:

Several Check Register entries

Annuity and Life Claims

New Business

Credit Card Statement

Ryan provided all documents requested and provided information on each transaction to the satisfaction of the committee.

Though we reviewed dozens of files in each category the only issue found was a missing Certified Mail signature card which was located in with several others that were due to be filed any day.

There were several questions about some Credit Card purchases and Ryan provided information that satisfied the committee.

We reviewed the results of the audit recently completed by McKeever Varga & Senko which was presented by Earl Lukehart

Meeting adjourned at 1:00 PM

Thanks to all who attended and contributed.

I move for the adoption of this report.

Respectfully Submitted:

Chuck Johns

Czolem!

Independent Auditor Report:

Earl Lukehart of McKeever, Vargo & Senko joined us via Zoom. Mr. Lukehart gave the PFA an unmodified opinion which is the best opinion one can receive. It is a good, clean opinion. Earl stated that 2021 was a good year and that everything looks good.

Budget Committee:

Polish Falcons of America
Budget Committee Report
July 21, 2022

The Budget Committee met via Zoom on July 21, 2022 at 6PM. Those in attendance:

Becky Sienkiewicz, Patty Capozoli, Tom Washington, Dan Michalak and Ryan Gregg.

Absent was Malgosia Los.

Ryan reviewed the Income and Expense Budget statements for the 2nd quarter of 2022. For the most part, things are still the same regarding premium incomes, showing behind budget on First year and Single Premiums. The renewal premiums are back on target and the renewal annuities are outpacing the budget, so that is a bit of forward movement. There is a possibility of a couple of large MYGA amounts coming in for the 3rd quarter. Hopefully this happens and that will substantially increase our income. Med-Supp is basically holding its own just showing a small decrease. Bond Income is on target and all investments check out. Projections show we will meet our budget.

Patty Capozoli noted that thanks to be given to Rochelle for all her hard work on locating current addresses to help get our national dues and policies paid up to date. A lot of time was spent doing this, and it has paid off with members updating their dues and paying what's owed. Tom Washington commented that with the addresses being updated, this gives us a perfect opportunity for advertising our products and bring attention to what we have to offer. All agreed with that.

It was noted that the slow growth of the MYGA was still causing a shortfall income, but we did see the gain from the Dunellen and Polanka sales reflected. So, although we are still short on budget target, things are slowly moving forward.

On the expense side, we noted home office rental increased. Ryan explained that there were some maintenance fees from the landlord we had to cover and of course we now have that additional storage fees from the items from Polanka. It was noted that legal fees have dropped as well as Actuary and CPA fees. The Cyber liability insurance fees have increased, as we all know all the policing to keep our accounts secure is certainly needed in this day. We are dropping the Commercial property and real estate taxes and depreciation off the budget as we no longer own property, which will be a plus for us. For the most part, we broke even for the quarter for income and expenses.

Ryan spoke about the E-App process, that will be explained in detail at the meeting. Jared located a vendor that will do the underwriting and policy application process in a matter of minutes, looking forward to see that information. Tom Washington asked if Jarod was contracted for a certain amount of time. Ryan says he will be re-assessed at the end of his first year. He definitely is doing the job; it just takes time to get it all rolling to show improvement. He is waiting for this E-App to get new agents, projecting up to 10 per month. Slow growth is what we are after, so this is a good thing. Tom Washington noted this has to work for us, to keep us in the game, moving forward.

Dan Michalak commented that he will be visiting a Polish Falcons in Florida, not affiliated with us, but its something to think about. With no other business to discuss, Tom Washington made a motion to adjourn, Dan

Michalak seconded. Meeting adjourned at 7:08pm. I move for the adoption of this report.

Czolem

Rebecca Sienkiewicz, Chairperson.

Druh Michalak stated that he heard about a Falcon group operating in Cocoa Beach, FL at Nest 955. He is going to ask a friend in the area to check into this to determine what is going on.

Investment Committee:

The Investment Committee met July 27, 2022 via Zoom. Present was myself as Chair, Dan Michalak and Ryan Gregg.

The Committee reviewed the Valuation Report from Parkway Advisors. Noted were the following:

- There was an increase in yields on new purchases for the portfolio.
- There was a slight decrease in the overall yield by 1 basis point.
- The Asset-Liability Match remains positive.
- The sale of ½ of the Kohl's holdings. There was a loss on the sale that will be run through IMR with a minimal impact to operations.
- The unrealized loss of the portfolio increases due to rise in interest rates. This does affect the balance sheet as bonds are not held at market value.
- It was noted that Kohl's and Time Warner were added to the Watch List.

On behalf of the Committee, I move for adoption of the report.

Czolem,

Timothy L. Kuzma

Chairman

Liquor License:

There was a discussion on the ongoing issue with PFA Camp Liquor License. A meeting with District I to discuss the matter was postponed. Druh Gregg is working on rescheduling.

Certificates Report:

The report is posted for the Directors to review at their convenience. It will be discussed at the November meeting.

Executive Compensation Committee:

Meeting 7/29/22

Attendance

Becky Sienkowicz

Chuck Johns

Mark Albin

The committee met over two days briefly

Discussed using the criteria set last year for rating the executives and decided to keep the same for 2022 year end.

National Golf Tournament:

National Golf Commissioners Meeting
Via Zoom July 18, 2022 7:30 p.m.

In attendance were:

National Golf Commissioner-Patricia Del Busse

District I-Edward Ciesla (absent)

District II-Jeffrey Beilfuss

Patricia Heineman

District IV-Steven Lubinski

Cheryl Paterni (absent)

District V-James Cox, Sr. (absent)

Donald Kopcza (absent)

District VI-Robert Kuzmicz

District IX-Kristen Baginski (absent)

Nicholas Carter (absent)
District XIII-Charles Johns

The meeting began with Druhna Del Busse welcoming all and thanking all for attending.

All were reminded that the 2023 tournament will be hosted by Nest 493, Batavia. Trish has asked a Nest to host 2024 but has no answer yet. She is hoping to move it "west" then "east" each year.

Trish asked Bob to share some of the plans for the golf tournament next month.

Nest 80-South Bend, IN

- Shot gun start both days is at 9:00 a.m.
- One course will serve hot dogs for lunch
- The other course will serve hamburgers for lunch
- Both courses will have a beer cart driving around
- Alcohol is also available
- Thursday dinner is a beef brisket buffet
- Friday dinner is a sit down with city chicken and Polish sides
- Wednesday beginning at 5:00, pork tenderloin and chicken strip baskets for be available for purchase for \$10.00 until 7:00 (or they run out)
- Drink chips will be sold and used for purchase

Currently, there are 109 golfers registered. There are 84 men (53 senior) and 25 (20 senior) women.

Trish asked if she should use their Falcon score (which is averaged over the last three tournaments) or their league score or whichever is lower. The consensus is that the league handicap should be used.

Trish had reached out to GHIN to see if she can look up everyone's handicap. That is not possible. She would have to send a list to each area. It doesn't seem necessary to do that.

Trish reminded all that at the last meeting, Pat had asked if we could modify the age for the senior division. At that meeting (October 19, 1921), it was decided that we should think about it and ask other golfers.

Trish has asked quite a few and the majority feel that the age should remain that 60+ are the seniors. She asked Pat if she would like to take a poll at the tournament asking all the golfers. Pat didn't think that was necessary.

There was a brief discussion on younger golfers (as usual).

Bob asked about the Hammer Open. Last count, there are 36. Jeff Jalowiecki from Nest 307 will run the event but Trish will set up tee times and email all the golfers their starting times.

There was brief discussion about the shirts and the deadline.

With no other business, the meeting was adjourned at 7:55.

This concludes my report.

On behalf of the committee, I move for the adoption of this report.

Czolem!

Patricia "Trish" Del Busse
National Golf Director

Sales/Marketing/Distribution Update:

Sales Updates

July 30, 2022

- Jared Gostanczik, National Sales Director, joined the call to present updates on sales systems being developed.
- Jared broke down the presentation by the following areas: Contracting, Commissions, Eapp
- PFA contracted with AgentSync for the agent/agency contracting process. Agentsync's functions will be as follows:
 - Streamlining onboarding, background checks, using National Insurance Producer Registry to verify license and state appointment(s).
 - Quick onboarding, appointments, and terminations all online.
 - Manage producer requirements through single end-to-end compliance solution.
 - Distribution channel management.
 - View up-to-date producer data, including contact info, licenses, appointments, and regulatory actions.
 - Just-In-Time (JIT) appointments.
 - Holding off on producer appointments until that producer writes business.

- Next, Jared introduced a new commission structure, which Pinpoint is working on addressing that will split commission between different levels for agencies/managing agents/agents.
- Jared then touched on a brief introduction to PFA's E-app partner we are moving forward with iCover
 - It was stressed that iCover is more than an E-app—underwriting expertise will be introduced with the platform.
- iCover's Co-founders joined the call, Hari Srinivasan and Nicole Mwesigwa.
 - The team gave a brief overview of the company and their professional backgrounds.
 - They then provided a walkthrough of what the new E-app process will look like from the agent viewpoint.
 - The E-app process is projecting to be able to provide a Point of Sale offer within 5 minutes. Algorithmic underwriting is occurring in the background as data is populated.
 - iCover has 2 pending patents on their specialized underwriting processes.
 - iCover has been working closely with Allen Bailey & Associates in revamping the Final Expense application, which was filed with the compact earlier this week.
 - Target date to roll out the final expense product is September 1st; to follow, annuities will be added to the platform. Lastly, the WL/Term product will be added.
 - Additionally, iCover is working on developing an admin system to administer new business post launch.
 - iCover fielded various questions from the Board regarding specifics of the application process.
- Budget for all the items presented were presented by Ryan Gregg.
- Significant savings from what was originally presented will be realized with iCover, while accessing additional features and resources that they bring to the table.

| PHASE I Initial Budget Presented | Amounts | Actual Phase I | Amounts |
|--|----------------------|---|---------------------|
| Contracting | \$ 24,000.00 | Contracting | \$ 24,000.00 |
| Agent Sync Platform | 14,400.00 | Agent Sync Platform | 14,400.00 |
| Estimated Appointment Fees | 6,000.00 | Estimated Appointment Fees | 6,000.00 |
| Estimated Vector/Credit Score/Background Fees | 3,600.00 | Estimated Vector/Credit Score/Background Fees | 3,600.00 |
| E-App System | \$ 119,000.00 | E-App System | \$ 58,000.00 |
| Equisoft Platform (One Time Implementation-Depreciated over 3 Years) | 95,000.00 | iCover (no startup \$1,500 per product/per month)-\$10 per accepted app | 55,000.00 |
| Hosting Fees | 24,000.00 | Milliman UW Implementation Fee | 3,000.00 |
| Robust Commissions System | \$ 15,000.00 | Robust Commissions System | \$ 15,000.00 |
| Pinpoint Development or Outsourced | 15,000.00 | Pinpoint Development or Outsourced | 15,000.00 |
| Total Phase I Investment | \$ 158,000.00 | Total Phase I Investment | \$ 97,000.00 |

- Once systems are in place, Jared will be knocking on doors and accessing past relationships he has developed to build distribution.

- PFA wants to grow in a slow consistent manner. Jared is targeting 10 new agents per month.

Membership Committee:

MEMBERSHIP COMMITTEE July 30, 2022

The Membership Committee met via Zoom on Monday, July 11 via Zoom at 6:00 p.m.

Committee Members present were:

Patricia Del Busse (Chairperson)

John Kowarik

Rebecca Sienkiewicz

Thomas Washington

Malgorzata Los

The meeting opened with a greeting of Czolem!

Second VP Dan Michalak addressed the group with a program that he is suggesting. All Members of the committee liked it, he will present today.

The Committee was updated on items from the previous meeting:

- Druhna Trish has spoken with Nest 124 President Bernard Wolny, their building is still for sale but nothing is going on at this time.
- The Poland trip is still scheduled.

Each Director then shared the activities of the Nests in their Districts. President Tim had asked me to ask the Directors who do not serve on this committee to share with me the information regarding the Nests in their District. I am very pleased that all responded.

District II-Malgosia

- Nest 956 in person meetings are going to resume in September, quite a few Members are in Poland during the summer
- Druhna is disappointed in the lack of response from Members of her District as she tries to communicate with them via email.

District II-Tom Eckert (via email)

- Nest 45-St. Louis hosted a very successful bowling tournament.
- Nest 907-Cicero is on summer hiatus

- Nest 3-Chicago is very quiet but fortunately, the Nest Officers do join the Zoom calls
- Nest 42-Chicago Heights, no information
- Druh Eckert is not happy with District II at this time-there is a lack of communication.

District IV-Patty Capozoli (via email)

Nest 8, Pittsburgh

- Open three days a week
- Has a summer picnic along with a cash bash scheduled for August.
- Bar bingo is on break until September.
- There are several golfers traveling to South Bend to participate in the upcoming National Golf Tournament.

Nest 77-Carnegie

As of this date we are doing well we have been able to place more income in our building fund that we have through the National and our business has not suffered at all. Below I (Nest President Tom Salerno) have listed our events that we have going on.

1. Thursday night horseshoe tournaments, we have a professional horseshoe pit set up in our side lot.
2. We have just had an open picnic for our members on June 25.
- 3 We have our annual picnic set up for August 13 at Scott Twp. Park.
4. We had our New Year's party without issues.
- 5 We had a children's Easter egg hunt for the children of our members and family's and Easter buffet on Saturday before Easter.
6. We have two APA pool teams that play two days a week at our club also they play at other clubs and bars.
7. We have monthly meetings the third Sunday of the month every month.
8. We have our scheduled Halloween party members and children, members only Christmas party for members and children's Christmas party.
9. We have bar bingo scheduled every other month with fairy hair day, one of our members does it for a small fee.
10. We have a birthday party for all members every month with food and complimentary drinks if your birthday is that month.

Nest 118-Pittsburgh

- Nest 118 conducted monthly meetings via conference calls and Zoom throughout the pandemic and are still following that model.

- Did meet in December 2021 to conduct elections and celebrate Christmas after a 2-year hiatus.
- Has a small, core group of members and have limited in-person activities scheduled for the future.
- Several of our members have participated, either as contestants or volunteers, in national Falcon activities, such as bowling, youth and adult volleyball, golf, and camp.
- Are planning to have a Christmas celebration and gathering in December 2022.
- Still fundraise by conducting a lottery calendar twice a year (April and November). This allows us to continue to provide monthly donations, on behalf of our members, to local and national charities.
- Our Nest provides financial support regularly for Polish Falcon events by sponsoring national bowling, golf, Falconette, and aid to Ukraine.
- Nest 118 complies and submits all annual reports required by our national office. We are considered a Nest in "Good Standing" and have maintained that designation without fail.

Nest 146-New Castle are trying to stay as active as possible.

- Monthly meetings usually the second Monday of the month. However, we do suspend meetings for June and July so I guess our meetings are not monthly.
- Most activities will resume for August to include:
- Bowling league with 50 bowlers starting in Tuesdays in September and lasts 31 weeks
- Bar Bingo Thursdays
- Cornhole tournaments and Card parties on occasion.
- Shutout baseball drawing
- Polish buffets from time to time
- Club open five days per week and kitchen open four days per week
- PA Skill games

Nest 538-Midland, PA

- Re-opened in April of 2021 and have remained open since
- Meet regularly since last April
- No activities or events planned at this time

District V-John Kowarik

Nest 36-Southwestern CT

- Has resumed rentals for the fall.
- Have painted the kitchen white
- Club is still not open
- Nest 88-New Britain, Bar is open
- Nest 307-Southington Bar is open, two golfers will attend the National Golf Tournament
- Nest 519-Middletown Bar is open. Had an awards night at their meeting recently. Four golfers will attend.
- Nest 580-Pittsfield, MA is open but Druhna Coolbroth recommends folks not visit as street crime is on the rise

District VI-Mark Albin (via email)

Nest 4-South Bend

- Buffet for every Notre Dame home game

Nest 80-South Bend

- Nest picnic is July 17
- Are the hosts of the upcoming National Golf Tournament
- Fish Fry's on the first Friday of every month
- hosts monthly cornhole tournaments

Nest 276, Muskegon, MI

- Club is open
- Participated in the District Golf and will host next year

Nest 564-LaPorte

- Nest 564 still continues to be open Monday through Saturday.
- Fish Frys' every Friday night serving a full menu and a special each week, along with a soup of the day. This serves between 4:30 and 7pm CDT.
- Saturday lunches which has a full menu along with a special and any soup left over from Friday night.
- Tenderloin Tuesdays, which consist of a special Tenderloin sandwich and our full Saturday menu except for the soup.
- Just had our yearly 4th of July breakfast with proceeds going to the Shriners Children's Hospital.
- Recently hosted the District VI golf outing.
- Will be hosting the District VI bowling in November.

- Memorial Mass will be as always on the Sunday after Labor Day.

District VII-Tom Washington

Nest 128-Duryea

- Trying very hard to get back on track
- Still dealing with Members' health issues

Nest 163-Mocanaqua

- Club just purchased a new POS system
- Meetings held monthly
- May go to Zoom later in the year

District IX-Becky Sienkiewicz

- House bill passed that the Clubs will be able to keep their gambling proceeds for improvements in their buildings. This must be documented.

Nest 6-Buffalo

- Friday night Happy Hour

Nest 52-Rochester

- Baseball night
- Clam Bake

Nest 123-Erie

- Painted the bar room, grill room and bowling alley
- Bought new smoke eaters
- New flooring
- Tuesday night meat raffle once a month

Nest 610-Erie

- Bought bar stools
- New stove
- Thursday night meat raffle
- Friday night dinner specials

District XIII-Chuck Johns (via email)

District - meet as required, active Nests rotate holiday dinners/meetings but it is always the same people attending. Nothing outside of required activities takes place, there is no interest.

Nest 31-Detroit & 86 -Hamtramck

- Meet regularly but have no specific activities pending.
- Both nests have steady Officers and the same Members attend all meetings.

Nest 79 -Southgate

- No information they meet but I do not know how regular.

Nest 124 -Saginaw

- No activity, Bernie Wolny joins everything for the District but nobody else.

Nest 336 - Jackson

- No info on what they are doing, they never attend anything for the District. Last I heard they were still having dinners regularly for the community.

Nest 652 – Lansing

- Most active - Have a Building
- They have regular meals for the area
- Meet often
- Put out a newsletter every few months.

Nest 972 -Bay City

- No info - Do not meet that I am aware of.

Of Note: at every opportunity in District meetings, Nest events, and email's I let all know I will attend any function or meeting to bring info from the National Organization or to address any questions. Nest 31 is the only Nest that has taken advantage in the six years I have been Director.

On behalf of the Committee, I move for the adoption of this report.

Czolem,
Druhna Trish
Committee Chair

I would like to thank everyone for their help in the information contained in this report.

New Fraternal Program:

Second Vice President Dan Michalak presented a proposal to add a new Awards program for PFA Nests and Districts this Fall. The purpose of the program is to recognize the ways in which Nests and Districts “survived” during the COVID pandemic. The Board approved the program and announcements will be made as soon as possible regarding the details of the program, rules, deadlines, etc.

Legion of Honor:

The Members of the Commandery had met via Zoom on May 25. All were in attendance with the exception of District V James Sokolowski (still works).

The Members reviewed and revised the rules.

The Board reviewed and accepted all recommendations with the exception of one that they feel should be the original. "Recipients of the Legion of Honor Cross, who are not benefit Members of the PFA shall retain all Falcon honors but do not have a right to vote at any meetings or Convention. "

The motion was made by Druh Dan with a second by Druhna Capozoli. All were in favor.

Grand Master, Druh Edward Ciesla submitted his resignation effective July 29, 2022. The Board accepted his resignation.

According to the LOH rules, there must be a meeting of the Commandery held within 60 days to replace the Commander.

Druhna Trish will begin working on the scheduling and planning of the meeting early next week.

Communications Directors Report:

The report had been posted on the site. Due to personal issues, Druhna Stambel did not join the meeting.

Communications Report July 2022

We continue to see an increase in email subscribers. We now have 4,069 subscribers and an open rate of 33%. Newsletters continue twice a week. Higher Images' SEO Team crafted their first post - What's An Annuity And How Can It Help My Retirement? - for our website. You can read it here: <https://www.polishfalcons.org/whats-an-annuity-and-how-can-it-help-my-retirement/>. They are currently finishing up a cultural post - Polish Contributions To American Culture – which will be added to our website soon.

The summer issue of the Sokol Polski was sent out. We are just beginning work on the fall issue.

The past few months saw several online registrations open at once: Special Convention, National Youth Camp, National Golf, and the Poland Trip. I created all of these forms, monitored submissions, and ensured their continued functionality. I created multiple payment forms for the Poland

Trip, as pricing varied based on the registrant's deposit and/or flight preferences. We had a handful of individuals accidentally submit duplicate entries (clicking the submit button more than once), and I refunded those transactions when necessary.

I created promo videos and corresponding GIFs for both National Youth Camp and the Special Convention. You can view those here:

<https://www.dropbox.com/sh/mtywzclpwcg5zdn/AACc2dHy1d0qOfKI9JqwXuSBa?dl=0>.

We have been advertising the annuity rate increases in our email newsletters, as well as on Facebook. We also included an insert in the National Dues billing. Currently, we are running a paid ad on Facebook that links to the Annuities page on our website (image on second page). We are targeting ages 25-60 in Pennsylvania, New Jersey, and Illinois (states where our previous ads performed the best) with household income in top 25-50% of zip codes. The ad is running through August 18th and is estimated to garner anywhere from 1,500-4,300 views per day. The budget was \$300, or \$10/day.

Lastly, I am working on a Culture section for our new website. More on that in the fall!

Email me if you have any questions regarding my report. Thanks & Czoalem!

Falconette Commission:

Falconette Commission National Youth Fund Report

| July 2022 | Event | Description | Income | Expense | Balance |
|---------------------|-----------------|--------------------|---------------|----------------|----------------|
| Board | | | | | |
| Meeting Date | | | | | |
| | | | \$17,054.17 | | |
| | | | 160.00 | | \$17,214.17 |
| | | | 2,250.00 | | \$14,964.17 |
| 6/15/2022 | Oct 2022 Raffle | Ticket Printing | 76.89 | | \$14,887.28 |

The May 2022 raffle now holds the distinction of **Most Tickets Sold** since we started. Beating out the May 2021 raffle by ONE. The net profit for the May raffle was \$1,813.11, which is not the highest total because out of 31 days, only two tickets were unsold.

The only expense was the ticket printing for the October 2022 raffle, \$76.89. We will have expenses for National Youth Camp which will be reported at the November board meeting. The balance in the account was confirmed with Rob.

As always, thank you, your districts, and your nests for your continued support.

Czoalem,
Patty Capozoli

Chairperson

Scholarship Committee Report:

SCHOLARSHIP COMMITTEE
July 30, 2022

The Scholarship Committee met via Zoom on Wednesday, July 13 at 6:00 p.m.

Committee Members present were:
Patricia Del Busse (Chairperson)
Mark Albin
Patricia Capozoli
Daniel Michalak (absent)
Christine Puskar

The Committee Members were informed that thank you notes and gifts had gone out to the Members of the Independent Gorecki Committee.

There was discussion regarding the overall programs and possibly a new idea for the future but nothing was decided.

There are no recommendations at this time.

Meeting adjourned at 5:45.

On behalf of the Committee, I move for the adoption of this report.

Czolem!

Druhna Patricia "Trish" Del Busse
National First Vice President
Committee Chairperson

Physical Education Director:

Druhna Chris did not present as she is still at National Falcon Camp.

Polish Falcons of America
National Physical Education Director
Board Report
July 30, 2022

Since the last Board Meeting, I have spent most of my time preparing for Camp 2022. I have been reaching out in any way possible to get campers interested in joining us for camp this year. I have emailed and texted and called and begged and pleaded. I have also used social media myself and through Courtney. We had even put our information out on a site called Event Brite that shares fun things to do during the summer. With all that being said, I ended up with 16 campers for this year's camp.

I have planned the schedule for camp. I have prepared the team lists and assigned cabins to everyone. I have prepared all the necessary items for our Arts & Crafts rotation. I have prepared all the items necessary for all of our Team Challenges involving the Survivor Theme. I have planned the menus for each day. I have gone to the Storage shed and prepared everything that I need to transport to camp for our week. I have purchased the items for each night's snack. I have purchased all the items we need for the Canteen. Shopping is a big part of my preparation for camp.

My planning is like planning a party every day for a group of people. So, I have done that for each day at camp. There are too many little details to write everything here. I hope that you were able to see some of the fun activities that were going on while you were at the Convention.

I have also been involved in the Generation Z study that we are working on. I have been at meetings to help prepare a survey to get information about what Gen Z people are looking for in an insurance company. We are also looking at what benefits would entice them to purchase from a certain company. I am looking forward to seeing the results.

I have also been a part of the Convention Committee. I have been the liaison between Polish Falcons and SNPJ about our Thursday event and our meeting space and all the meals we had. I have attended all the meetings that President Kuzma has called. I have also ordered a few of our uniform shirts for some of our members and mailed them out.

I have also prepared our campers for their part at the Special Convention. The campers we had this year did not know our National Drill. We were able to teach them during camp and I hope you enjoyed their performance.

I have attended the Nest and District President's meetings that have taken place since the last Board meeting. I always have the chance to get information out to everyone there about the upcoming Youth Events.

I am also working on a new format for our Future Leaders Conference next year that might make it easier for us to involve more of our Youth Members. You will hear more about this at the next Board Meeting.

Czolem!

National Physical Education Director
Christine Puskar

Nests in Good Standing:

| NEST | DISTRICT | CITY, STATE |
|-------------|-----------------|--------------------|
| 45 | II | St. Louis, MO |
| 8 | IV | Pittsburgh, PA |
| 41 | IV | New Kensington, PA |
| 146 | IV | New Castle, PA |
| 159 | IV | Ford City, PA |
| 176 | IV | Lawrenceville, PA |
| 538 | IV | Midland, PA |
| 65 | V | Union City, CT |
| 88 | V | New Britain, CT |
| 172 | V | West Warwick, RI |
| 485 | V | Chelsea, MA |
| 811 | V | New Britain, CT |
| 276 | VI | Muskegon, MI |
| 564 | VI | LaPorte, IN |
| 163 | VII | Mocanaqua, PA |
| 6 | IX | Buffalo, NY |
| 52 | IX | Rochester, NY |
| 123 | IX | Erie, PA |
| 430 | IX | Auburn, NY |
| 493 | IX | Batavia, NY |
| 31 | XIII | Detroit, MI |
| 86 | XIII | Hamtramck, MI |
| 652 | XIII | Lansing, MI |

There are still 15 Nests who have not submitted paperwork. The Directors would like the names of the Members who serve as Nest Officers in their Districts including the most recent information even if it isn't from this year. Druhna Trish will forward the information to all Directors.

Poland Tour Update:

So far, nine folks are paid and registered; there may be two more.

Good of the Order:

- President Kuzma complimented Druhna Trish on her handling of Convention Chair. She along with Druhna Kristen Johns as Secretary and Druhna Dorothy Kalinowski served as Vice Chair. First time for an all-female Convention Board.

- Letters will be sent to Members who live in Missouri and Kentucky who live in the areas affected by flooding. They may qualify for the Disaster Relief Program.
- Thank you notes (either via mail or email) will be going out to those who donated to the Ukraine effort.
- The City of Pittsburgh still has not decided which night is "Light up Night". As soon as they do, dinner reservations will be made.
- Druhna Trish felt that the demonstration of the National Drill at the Convention set the tone for the Convention. Delegates were very impressed with our young Members.
- Druhna Trish and John had set up the registration table for the Convention but Druhna Patty is the one who packed all of the items that were needed.
- Druh Kowarik asked if the Board could take the LOMA Course as a group. This will be researched.

With no other business, the meeting was adjourned at 2:37.

Patricia "Trish" Del Busse