



It'sMyCU



**2023
Annual
Meeting**

AGENDA

- Call to Order, Quorum
- Approval of the 2022 Meeting Minutes
- Introduction of the Board
- Chairperson's Remarks
- Treasurer's Report
- Supervisory Report
- President's Report

NEW BUSINESS

- Election of 2023 Board of Directors
- Meeting Closed
- Prizes Announced

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REWARDS PAID TO MEMBERS

- \$195,000 **AUTO LOAN BONUS**
- \$100,000 **NEW MEMBER & REFERRALS**
- \$7,000 **MEMBER SCHOLARSHIPS**
- \$24,000 **DONATIONS TO MEMEBER CHARITES**

\$326,000 TOTAL REWARDS TO MEMBERS

It'sMyCU GIVES BACK

In 2022, we supported many local charities in the communities we serve! With the support of our **members and staff**, we were able to raise and collect the total amounts below!

- \$3,138.94 **TOTAL FUNDS RAISED**
- 1,101 **ITEMS COLLECTED**



MESSAGE FROM THE BOARD CHAIR

Good evening! The Board of Directors welcomes all of you to this annual meeting of the membership of Illinois State Credit Union. We meet again on-line. It is our hope that these digital meetings, though less personal, do give a larger number of members the opportunity to be informed about and to participate in the Credit Union.

The purpose of these remarks and the committee reports that will follow is to provide you with information about what has occurred during the past year within the Credit Union including the financial and operational performance, facility improvements, member service changes and comments about new and on-going opportunities.

The Treasurer and the Chairperson of the Supervisory Committee will report about the financial and operational performance of the Credit Union during this past year. You will hear that we did well financially and that the auditors were generous with their praise about the performance of the Credit Union in 2022.

Facilities - There have been changes in our physical facilities. The Loves Park branch has seen noticeable positive growth during the past year after the move to a new location and its remodeling. The Ottawa branch has also been remodeled inside and has had a significant addition to the parking area. Both branches have received new ATM machines as well as the Bloomington-Normal branches.

Member Service – Along with maintaining the financial strength and safeguarding our funds, member service is a top priority for all of the staff in the Credit Union. During the past year there have been a number of changes that are of benefit to all members:

1. The number of loan officers was increased so that the increased number of applications could be processed in the most-timely manner
2. The overdraft charge for very small overdrafts was eliminated
3. New member applications were made easier and a free Financial Coaching program was made available

MESSAGE FROM THE BOARD CHAIR

4. More commonly-used forms were simplified and placed on-line
5. The number of staff who respond to phone calls has increased and a Call Center is being established so that our phone response will be better
6. Effective assistance to members to prevent loan losses has been very consistent and effective.

New and On-going Opportunities – Continual efforts are made to provide improvements available to members. We have successfully kept the dividends available for CDs and other share rates the highest in the area. The rates on various types of loans are also very competitive. During the past year members have had the opportunity to talk with a Certified Financial Coach at the credit union, free of charge, if they wanted advice about a credit review or financial coaching. In addition, the Bill Pay platform for on-line banking was modified. In a few minutes, President Ewen will make some remarks about the future at the Credit Union.

In conclusion, it has been gratifying to observe the efforts of all of the staff members to make our experience at our Credit Union better each year. One verification of this is the recognition provided by being selected as “1st Place in Pantagraph Readers Choice” in the best credit union category and as a finalist in a similar poll “What Rocks in Rockford”.

I want to thank all of you for your participation in our Credit Union and encourage you to use the services and let us know how we are doing.

BOARD CHAIR

L.QUANE

SUPERVISORY COMMITTEE

REPORT

The Supervisory Committee has responsibility and oversight over the internal audit, accounting, and compliance functions of the credit union. This includes making or implementing an annual audit, including reviews and tests of the financial records of the credit union. The results are reported to the Board of Directors. The committee retained the Certified Public Accounting firm of Lively, Mathias, Hooper & Noblet, Ltd. to conduct the credit union's annual financial audit effective September 30, 2022. The audit reported that our financial statements fairly represent the condition of the credit union with no qualifications.

Also, in 2022, the committee oversaw the continued improvement of the internal audit function. The internal audit's mission is to provide an independent review of credit union policies, procedures, and operations, giving management and the Board of Directors an additional tool to ensure the continued health of the credit union.

SUPERVISORY COMMITTEE

J.P. SCHROEDER

TREASURER'S

REPORT

We are happy to report that your credit union continues to make progress on the path charted by the Board of Directors and our management team. As noted in the accompanying financial statements, we finished 2022 with just over \$200 million in Total Assets.

Our primary measure of financial health is Net Worth. A credit union's Net Worth is the credit union's accumulated earnings since inception. It is in effect our rainy-day fund that allows us to withstand economic downturns and unexpected hardships. In 2022, we earned \$1.4 million in Net Income.

With that added to accumulated earnings since 1960, our Net Worth to Assets Ratio was 10.3%. This is considered "Well Capitalized" by the NCUA.

We ended 2022 with a membership of 17,078 members and 140 million in total loans and paid more than \$610,000 in dividends on member savings. All financial indicators continue to move in the right directions, we make good on our primary mission of making loans to members and paying the highest dividends possible on savings while charging minimal fees.

SECRETARY

L. ALFERINK

SUMMARY OF

FINANCIAL STATEMENTS

BALANCE SHEET

All numbers in thousands

ASSETS	2022	2021
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LOANS

Titled Loans	78,982	64,889
Personal and Visa	15,470	12,763
Participation Loans	385	
Mortgage Loans	45,650	38,906
Other Loans	198	234
Reserves for Loan Loss	(2,072)	(1,540)

TOTAL LOANS (NET)	140,685	116,792
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Cash Accounts	10,738	53,148
Investments	42,832	22,241
Other Assets	7,902	6,764

TOTAL ASSETS	200,084	197,404
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LIABILITIES AND EQUITY

Accounts Payable	1,463	1,190
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TOTAL LIABILITIES	1,463	1,190
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MEMBERSHIP EQUITY

Member Shares	177,956	176,846
Reserves	2,319	2,319
Retained Earnings	18,346	17,049

TOTAL MEMBERSHIP EQUITY	200,084	197,404
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TOTAL LIABILITIES AND EQUITY	200,084	197,404
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SUMMARY OF FINANCIAL STATEMENTS

INCOME STATEMENT

All numbers in thousands

	2022	2021
Loan Income	7,465	6,920
Investment Income	644	145
Other Income	2,786	3,018
TOTAL INCOME	10,895	10,083
Operating Expenses	7,614	6,488
Provision for Loan Loss Expense	1,283	775
Dividends and Interest Expense	611	672
TOTAL EXPENSES	9,508	7,934
NET INCOME	1,387	2,149



The Annual Meeting of the membership of the Illinois State Credit Union was called to order at 7pm on Tuesday, January 25, 2022. Chairperson Larry Quane declared there was a quorum present. On the record date, January 25, 2022, there were 34,518,175 shares on deposit. There were 379 members present representing 11,967,116 shares represented by proxy totaling 22,551,060 shares.

Chairperson Quane thanked everyone for attending and demonstrating their support of their credit union. He then called for the approval from the membership of the 2021 Annual Meeting minutes.

Members approved the 2021 Annual Meeting minutes.

Chairperson Quane introduced the Board of Directors who each bring a special set of skills and talents to serve membership. He thanked the Board for serving in 2021.

Chairperson Quane explained that this was the second time the Annual Meeting had been held virtually, but the first time three communities had been represented, including Bloomington-Normal, Ottawa, and Loves Park.

He explained the major purpose of the meeting is to provide membership with reports about the financial and operational conditions of the credit union, to highlight achievements from the prior year, and conduct the election of the Board of Directors. He stated the Treasurer would report on the financial condition and the Chairperson of the Supervisory Committee would report on how well the operations of the credit union met regulatory and audit expectations.

Chairperson Quane highlighted some of the many accomplishments over the past year including the new branch in Loves Park opening in the spring and the merge of First Choice Credit Union in Ottawa in the fall. While the Coronavirus pandemic continued to impact every life, the credit union moved back to full operational status with all services provided. The staff worked diligently, sometimes remotely, to make this happen as quickly as possible. Another accomplishment was rewarding a member bonus a second year in a row because of the efficient credit union operation. Chairperson Quane noted that the bonus is not guaranteed to happen every year. He explained that members have also played an active role in the financial success of the credit union by encouraging new people to join, taking out more loans of all types, and paying them back faithfully, resulting in less loan loss on loans each year. Each of these significant factored into the excellent financial performance of 2021. Chairperson Quane credited the performance to effective planning on follow through of the credit union. In 2021, there was a continuation and improvement in planning in the team atmosphere within the credit union staff. All staff participates in numerous ways. The Board of Directors and Management staff are guided by the annual plans and goals. Supervisors review performance and set expectations in line with these plans and goals. The staff understands their roles and provide excellent service to members as their primary responsibility. From the Board of Directors' perspective, the plans are working well, and the credit union is remarkably successful.

Quane introduced Treasurer Larry Alferink to give the Treasurer's Report.

Treasurer Alferink reported the credit union continues to make progress on the path charted by the Board of Directors and Management team. He noted assets grew by over \$33 million to \$197 million. The primary measure of financial health is Net Worth, which is all the credit union's earnings since inception, effectively the rainy-day fund that allows the credit union to withstand economic downturns and unexpected hardships. In 2021, the credit union earned \$3 million in Net Income. When added to total earnings since 1960, the Net Worth-to-Assets ratio was 9.81%. This is considered "well capitalized" by the NCUA.

The credit union ended 2021 with 15, 898 members, \$117 million in total loans, and paid more than \$672,000 in dividends on member savings. He explained all financial indicators continue to move in the right directions, following the primary mission of making loans to members and paying the highest dividends possible on savings while charging minimal fees.

The Chairperson of the Supervisory Committee, JP Schroeder, gave the Supervisory Report. He explained the Committee has the responsibility and oversight of the internal audit, accounting, and compliance functions in the credit union. This includes making or implementing an annual audit, including reviews and tests of the financial records of the credit union. The results are reported to the Board of Directors. The Committee retained the Certified Public Accounting firm of Lively, Mathias, Hooper & Noblet, Ltd. to conduct the credit union's annual financial audit effective September 30, 2021. The audit reported that our financial statements fairly represent the condition of the credit union with no qualifications. He explained that in 2021, the Committee also oversaw the continued improvement of the internal audit function. The internal audit's mission is to provide an independent review of the credit union policies, procedures, and operations, giving management and the Board of Directors an additional tool to ensure the continued health of the credit union.

Schroeder introduced President, Thom Ewen.

President Ewen welcomed everyone to the second virtual Annual Meeting of the Illinois State Credit Union. Ewen gave a special welcome to the new Ottawa members, explaining Illinois State Credit Union and First Choice Credit Union in Ottawa and LaSalle counties joined forces in October, adding 1,500 members.

President Ewen thanked the Board of Directors and staff at the credit union. He stated a \$15 minimum starting wage had been implemented November 1, 2021. He stated this was notable because it is important to pay staff appropriately. He highlighted four 10-year milestone anniversaries: Mary Ellen Spencer, Kent Smith, Rachael Lockett, and Brandon Oliver. He also noted that 9 staff babies had been welcomed by 7 staff members in the past 14 months. He noted that this made quite an impact as it represents 15% of the staff.

He explained the acronym MAGIC is at the heart of credit union operations and culture and is a core value. M- member experience is everything, A- adding value to member lives, G- growing

from mistakes, I- improving every day, and C- caring for family. He explained the staff talks about “Magical Moments” every week at the credit union, where staff recognizes another employee when they deliver a “Magical Moment” to a member. A monthly winner was selected, this year there was a winner selected for the year: Mary Ellen Spencer! She received a Magical Moments trophy and a \$250 bonus because she saved a member from a \$15,000 fraud loss.

President Ewen highlighted member rewards which were much more than just the \$400,000 end of year member dividend bonus. \$171,000 in auto loan bonuses, \$121,000 in new member referrals, \$29,000 in mortgage promotions, \$11,000 in member scholarships, the \$400,000 member dividend bonus, and \$42,000 in donations to member charities total a 2021 Member Reward of \$774,000. In comparison to CEFCU, which is 38 times larger than Illinois State Credit Union, Ewen calculated that Illinois State Credit Union gave back 50% more to individual member than CEFCU did their members in 2021. He explained the ways to take advantage of these member rewards include earning \$100 by opening an active checking account, \$250 for pre-approving an auto loan, and \$250 for refinancing an auto loan from another institution. President Ewen explained there are member referral bonuses where members can refer friends and family and earn \$100 for each friend that qualifies for one of the previously mentioned products.

President Ewen noted one goal for 2022 is to continue the practices of the credit union, only better. He explained members could expect technology upgrades including improved self-service offerings through mobile and home banking, person-to-person transfers, new ATMs, and faster and easier experiences at the credit union.

Chairperson Quane moved to hold the election for positions on the Board of Directors, noting members are not paid for service, must attend monthly meetings, and are elected for a one-year term. He reported Diane Johnson had been appointed to the Board and that the current members of the Board had each decided to stand for election another year. There were no additional nominations made. Chairperson Quane directed members to the credit union website or to contact the credit union if there is interest in joining the Board of Directors.

Members voted to elect the continuing members of the Board of Directors.

No new business was brought before the group.

The meeting was adjourned at 7:25 pm.