



It'sMyCU



**2024
Annual
Meeting**

AGENDA

- Call to Order, Quorum
- Approval of the 2023 Meeting Minutes
- Introduction of the Board
- Chairperson's Remarks
- Treasurer's Report
- Supervisory Report
- President's Report

NEW BUSINESS

- Election of 2024 Board of Directors
- Meeting Closed
- Prizes Announced

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REWARDS PAID TO MEMBERS

\$149,000 **AUTO LOAN BONUS**

\$40,000 **NEW MEMBER & REFERRALS**

\$8,000 **MEMBER SCHOLARSHIPS**

\$30,000 **DONATIONS TO MEMBER CHARITIES**

\$227,000 TOTAL REWARDS TO MEMBERS

It'sMyCU GIVES BACK

In 2023, 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!

\$2,142.94 **TOTAL FUNDS RAISED**

608 **ITEMS COLLECTED**



LEARN ABOUT CREDIT SCORES

What is a Credit Score?

To create a credit score, analysts use information in credit reports, account histories, or applications. The purpose is to accurately identify the consistency of your timely payments to accounts as well as your delinquent accounts.

What's in a Score

35% **Payment History**

30% **Amounts Owed**

15% **Length of Credit History**

10% **New Credit Inquiries**

10% **Type of Credit Used**

The most important factors are:

- **Payment history**

Have you paid your bills on time?

- **The amounts you owe**

How much debt do you carry?

Together, these categories make up about **2/3** of your credit score.

If you want to improve your credit, focus on paying bills on time and paying down debt.

Benefits of Having a Good Credit Score



GET BETTER RATES
ON YOUR CAR
INSURANCE



INCREASE YOUR
APPROVAL CHANCES
FOR RENTAL APPLICATIONS



GET BETTER
INTEREST RATES ON
YOUR MORTGAGE



PAY LESS FOR
SECURITY DEPOSITS



IMPROVE YOUR CHANCES
FOR CREDIT CARD AND
LOAN APPROVAL



IMPROVE YOUR
CHANCES OF
GETTING HIRED

MESSAGE FROM THE BOARD CHAIR

A few years ago, I talked about the activities of the Credit Union using the terms “Working Hard -- Doing Well -- Looking Forward”

“Working Hard” means that we meet the changing demands of the economy and society to provide services that members need.

“Doing Well” means identifying problems and needs and improving our services for members. For example, delays in answering phone calls was identified as a problem at one of these annual meetings. The establishment of a Call Center has greatly improved the response time. Another example, our rates for CDs and share accounts are always at the top of the range and the loan process has been simplified and we have rates that are the most competitive.

“Looking Forward” means making improvements that members will find helpful and useful in the future. Currently, we are working on systems that will help members conduct more of our own business, like money transfer capabilities; a credit education program available for all members and especially for younger members, as they move into responsible money management; and finding ways to use and integrate artificial intelligence capabilities to improve our services.

I would like to keep those same thoughts about “Working Hard -- Doing Well and Looking Forward” in mind tonight, but emphasizing a different format - our planning process.

2023 has been a challenging year. There has been considerable turbulence in the financial world, the political climate, and while health situations have abated, they continue to be a concern. The Board of Directors knows that this milieu has a significant impact on the operation of the Credit Union and tries to plan accordingly.

Tonight, I will provide some insight about the Board’s planning process and how it directs our progress. This will not be an in-depth look at the operation of the Credit Union, but will give you some insight about how we focus on providing and improving service to all members.

Each year the Board provides goals and then reviews the success of the CEO in making progress in meeting these goals. New programs and activities must relate to the goals before they are undertaken.

There are general goals that the Board uses in the planning process. I will explain some of the major points about each goal and tell you about some of the results from the past year. The Committee reports, as well as President Ewen’s remarks, that follow my comments will give some more details.

MESSAGE FROM THE BOARD CHAIR

Illinois State Credit Union Goals for 2023

1. Maintain and improve the financial health of the Credit Union
2. Maintain and keep up-to-date all Credit Union policies and procedures and provide adequate oversight to assure compliance
3. Develop and operate within approved budget constraints
4. Evaluate staff, at least annually, emphasizing improvements in knowledge and work performance while maintaining staff morale at high levels
5. Maintain a public profile for the Credit Union that will enhance the image of Illinois State Credit Union

For each of these goals certain things are considered. These will be explained briefly.

1. Maintain and improve the financial health of the Credit Union

- Growth is carefully managed.
- Net worth of the Credit Union has grown in each of the last ten years.
- Loan loss and operating expenses are carefully controlled.
- We seek to merge healthy credit unions with us as a means of improving our financial condition.
 - We have merged with two credit unions in the last three years.

2. Maintain and keep up-to-date all Credit Union policies and procedures and provide adequate oversight to assure compliance.

- Outside evaluations: CAMEL rating (State of Illinois) and CPA audit - very high ratings
- Enhanced the effectiveness of computer operations and cybersecurity
- Policy manual and all changes to it are reviewed annually

3. Develop and operate within approved budget constraints

- Extensive reports on financial data in every Board meeting

4. Evaluate staff at least annually emphasizing improvements in knowledge and work performance while maintaining staff morale at high levels.

- Teamwork and good relationships are encouraged and expected.
- All employees are formally evaluated annually and “coached” regularly.
- We have many experienced and long-serving employees and Board members which makes us better able to adjust to the demands for this current environment.

MESSAGE FROM THE BOARD CHAIR

5. Maintain a public profile for the Credit Union that will enhance the image of Illinois State Credit Union

- “Best Credit Union” and “Best Financial Institution” in Bloomington-Normal
- Honorable mention in similar survey in Rockford/Loves Park
- Offer the best rates for savings and loans
- We regularly give back to our communities with donations and scholarships

Based on our plans and the results, the Board feels that 2023 has been a productive year and that our Credit Union is poised to continue very successfully in both the short - and - long term. It has been another year in which we have worked hard, we have done well, and are looking forward to making you very positive progress.

Next year, there will be increased efforts to maintain and enhance the personal connection between members and the Credit Union staff and programs. This kind of connection has been, and will be an important feature of our operation. The use of artificial intelligence and increased cybersecurity will also be implemented. President Ewen will highlight some of these efforts in his remarks.

BOARD CHAIR

L.QUANE

SUPERVISORY COMMITTEE

REPORT

The Supervisory Committee has responsibility and oversight over the internal and external audit, financial reporting, risk management and compliance functions of the credit union. This includes implementing an annual audit, that includes various reviews and tests of 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 30th, 2023. The audit reported that our financial statements fairly represented the condition of our credit union with no qualifications.

Also in 2023, the committee oversaw the continued development and improvement of the internal audit function. Internal audit's mission is to provide an independent review of the credit union's policies, procedures and operations giving management and the Board of Directors an additional tool and resource to ensure the continued financial and operations health of the credit union.

Lastly, it's my pleasure to report that the Supervisory Committee has successfully discharged and completed their responsibilities in 2023 and will continue those responsibilities into 2024.

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 2023 with just over \$205 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 2023, we earned \$1.4 million in Net Income.

With that added to accumulated earnings since 1960, our Net Worth to Assets Ratio was 10.92%. This is considered "Well Capitalized" by the NCUA.

We ended 2023 with a membership of 17,328 members and \$145 million in total loans and paid more than \$1,741,000 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.

TREASURER

D. JOHNSON

SUMMARY OF FINANCIAL STATEMENTS BALANCE SHEET

It'sMyCU

2024
Annual
Meeting

All numbers in thousands

ASSETS	2023	2022
LOANS		
Titled Loans	80,574	78,981
Personal and Visa	17,068	15,470
Participation Loans	216	385
Mortgage Loans	48,559	45,650
Other Loans	216	198
Reserves for Loan Loss	(1,995)	(2,072)
TOTAL LOANS (NET)	144,638	138,612
Cash Accounts	27,244	10,738
Investments	26,308	42,832
Other Assets	7,209	7,902
TOTAL ASSETS	205,399	200,084
LIABILITIES AND EQUITY		
Accounts Payable	1,757	1,463
TOTAL LIABILITIES	1,757	1,463
MEMBERSHIP EQUITY		
Member Shares	181,206	177,957
Reserves	2,375	2,319
Retained Earnings	20,115	18,396
Unrealized Gain/Loss on Investments	(54)	(51)
TOTAL MEMBERSHIP EQUITY	203,642	198,621
TOTAL LIABILITIES AND EQUITY	205,399	200,084

SUMMARY OF FINANCIAL STATEMENTS INCOME STATEMENT

All numbers in thousands

2023**2022**

Loan Income	9,038	7,465
Investment Income	1,098	644
Other Income	3,107	2,786

TOTAL INCOME	13,243	10,895
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Operating Expenses	8,585	7,824
Provision for Loan Loss Expense	1,470	1,283
Dividends and Interest Expense	1,741	611

TOTAL EXPENSES	11,795	9,508
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NET INCOME	1,449	1,387
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The Annual Meeting of the membership of the Illinois State Credit Union was called to order at 7pm on Tuesday, January 24, 2023. Chairperson Larry Quane declared there was a quorum present. On the record date, January 24, 2023, there were 35,138,185 shares on deposit. There were 168 members present representing 12,192,285 shares represented by proxy totaling 22,945,901 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 2022 Annual Meeting minutes.

Members approved the 2022 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 2022.

He explained the purpose of the meeting is to provide membership reports about the financial and operational conditions of the credit union, to highlight facility improvements, member service changes, and comments about new and ongoing opportunities. 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.

Quane reported there were changes to physical facilities in 2022, listing the Loves Park branch, which had noticeable growth after moving to a new remodeled location, the Ottawa branch interior remodel and exterior parking lot addition, and new ATMs at the Bloomington-Normal branches.

He explained that along with maintaining the financial strength and safeguarding funds, member service is a top priority for all of the staff in the Credit Union. He reported that there were a number of changes in 2022 that were of benefit to all members: increased the number of loan officers so that the increased number of applications could be processed in the most-timely manner, the overdraft charge for small overdrafts were eliminated, new member applications were made easier, a free Financial Coaching program was made available, commonly-used forms were simplified and made available online, increased the Call Center staff to improve phone response time and effective assistance to members to prevent loan loss.

Quane reported on new and ongoing opportunities, explaining there were continual efforts made to improve the member experience. He reported that the credit union successfully kept the highest dividends in the area available for CDs and other share rates. The rates on various types of loans were also competitive. In 2022, members had the opportunity to talk with a Certified Financial Coach, free of charge, if they wanted advice about a credit review or financial coaching. In addition, the Bill Pay platform for online banking was modified.

Quane reported one verification of the efforts made by staff as the credit union was awarded "1st Place in Pantagraph Readers' Choice" in the Best Credit Union category and as a finalist in a similar poll "What Rocks in Rockford".

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 \$3 million to \$200 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 2022, the credit union earned \$1.4 million in Net Income. When added to total

earnings since 1960, the Net Worth-to-Assets ratio was 10.3%. This is considered “well capitalized” by the NCUA.

The credit union ended 2022 with 17,078 members, \$140 million in total loans, and paid more than \$610,000 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, 2022. The audit reported that our financial statements fairly represent the condition of the credit union with no qualifications. He explained that in 2022, 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.

President Thom Ewen thanked the Board of Directors for their contributions. He reported that in 2021 the credit union implemented its \$15 per hour starting wage, mentioning it again as the full expense was absorbed in 2022. Ewen highlighted employees who had milestone anniversaries in 2022. Ewen explained benefits to being a member at Illinois State Credit Union. He reported that \$326,000 was paid in rewards to members in addition to \$600,000 paid in member dividends. Member Rewards are earned by opening an active checking account, pre-approving a car loan, refinancing a vehicle from another institution, and by referring a friend. There are two special accounts Ewen highlighted including the Debit Card Round Up with EZ Saver where debit card purchases are rounded up and deposited into a saving account earning 10.47% APY on the first \$1000. He explained there are also two special rate accounts for kids accounts on the first \$5000.

Ewen reported the credit union doubled the Call Center staff, improved technology and digital member experience, planned to provide a new Cash Rewards VISA card, and planned provide Early Payroll deposits to demonstrate the credit union’s commitment to improving member service. Additionally, the credit union was taking extra measures to obtain member feedback, sharing two available surveys.

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 explained that each of the Directors had decided to stand for election for 2023. 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 7:20 pm.