

# MPECU'S 91ST ANNUAL MEETING

2023 Annual Report



# BOARD/CU REPORT

2023 was a fantastic year at MPECU! MPECU celebrated our 90th anniversary—a huge thanks to all who helped us commemorate this amazing milestone. We also celebrated the retirements of Tess Thorstad (VP of Finance) and Cheryl Pillsbury (Accountant) in 2023. With those retirements, we also welcomed our new VP of Finance Dave Kauma and Accounting Specialist Kaitlyn Bergerson!

MPECU had excellent audits from both Clifton, Larson, Allen and the State of Minnesota Department of Commerce and beat our budget finishing the calendar year with net income of over a million dollars! We grew loans in all categories and maintained a low delinquency rate while increasing total assets.

We continued to be a certified Community Development Financial Institution (CDFI). This special designation from the US Department of the Treasury allows us to better serve and empower economically distressed communities. This provides real benefits to the people and communities by giving us access to various grants and the ability to expand our business lending to contribute to cultivating a healthy and stable local economy. This mission-driven lending has been critical when other financial institutions cut back on their lending due to economic challenges. MPECU is one of only a few institutions with the CDFI designation in the area.

The unprecedented and swift rise in the Federal Reserve rates created opportunities for our savers! We were pleased to roll out several certificate specials throughout the year as well as raise the rates on our other non-termed share accounts. While the rise in Federal rates also translates to higher borrowing rates, MPECU's team looked at every rate hike carefully as to not unfairly take

advantage of those members in need of fair rates to meet their borrowing needs. MPECU like most other financial institutions had to manage liquidity very carefully with the rapid rate hikes.

2023 also saw a major upgrade to our online banking and mobile app. Not only is our new platform more secure and technologically advanced, it also expanded the number of features we're able to provide to help you manage your money. Look for an expanded version in 2024—including courtesy credit score displays and the ability to video chat and share your online banking screen with an MPECU employee if you need help! The response to this upgrade from our membership has been extremely positive.

We participated in CU Forward Day and collected items for the Lake Superior Zoo animal enrichment program. CU Forward day is a Minnesota Credit Union initiative where credit unions join together to demonstrate their commitment to their community by engaging in service projects. MPECU also donated to various non-profits, educational programs, and community initiatives throughout 2023. Many of our employees donate several hours a month to various non-profits in areas they are passionate about.

We are honored to be able to continue serving you as we head into our 91 st year. Without your support and patronage, we wouldn't be able to be as strong and stable as we are.

Thank you so much for supporting MPECU!

Respectfully submitted,  
Marcia Podratz, Board Chair  
Jason Olsen, Interim President/CEO



## SUPERVISORY REPORT

The Minnesota Power Employees Credit Union (MPECU) Supervisory Committee is made up of members like yourselves. We play a vital role to help ensure the financial safety and security of our institution. To accomplish this goal, we work with an independent auditor Larry Tahtinen to conduct monthly reviews of the Credit Union operations.

The committee retained the services of Clifton Larson, Allen, LLP an independent auditing firm, to conduct our annual financial audit. Using the prescribed auditing standards, the Clifton Larson, Allen, LLP auditors determined that the Credit Union's financial statements conformed to established accounting principles.

Based on the results of the 2023 annual audit performed by certified public accountants Clifton, Larson, Allen LLP as of 6/30/2023, and other audits conducted by Tahtinen & Associates, as well as monthly review of the internally prepared financial statements by Senior Management, the Board of Directors and the Supervisory Committee, we conclude that MPECU has adequate financial control and is financially sound. Full, audited annual financial statements will be available at all MPECU branches.

We on the supervisory committee appreciate the opportunity to be of service and for your continued support of our credit union.

Respectfully Submitted,  
Ali Carlson-Chair  
Julie Fender  
Cindy Hammarlund  
Sara Rolfson

## CREDIT COMMITTEE REPORT

Members of the Credit Committee assume the responsibility of granting all types of loans to members subject to restrictions as set forth from time to time by the directors and by the bylaws and statutes that govern the operation of state-chartered credit unions. MPECU is committed to serving our member/owners while maintaining and adhering to our lending policies.

For 2023 Credit Committee is pleased to report significant growth in lending totaling over \$47.5 million. This growth was possible by continuing to offer members many lending opportunities, including home mortgage, auto loans, recreational equipment, and short-term signature loans. With over \$28.6 million in small business lending, MPECU has enabled members to start new or expand existing businesses across the region.

Perhaps the greatest benefit is knowing that these loans stay local and are reinvested into great service for our members. For that, the credit committee would like to thank each member for their part in making 2023 another successful year.

Respectfully submitted,  
Tony Hansen, Chair  
Kay Libby  
Tony Wilson  
Darrin Zwak

# STATEMENT OF FINANCIAL CONDITION

Minnesota Power Employees Credit Union  
Balance Sheet

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 11,320,835	\$18,130,372
Securities and Investments	25,018,133	26,005,187
Loans, net	95,144,173	67,516,559
Accrued Interest Receivable	302,759	187,677
Furniture, Equipment and Leasehold Impr, net	39,586	95,610
National Credit Union Share Insurance Fund Deposit	1,052,675	1,009,001
Other Assets	8,550,148	7,777,238
	<u>\$ 141,428,309</u>	<u>\$ 120,721,644</u>
<b>Liabilities and Members' Equity</b>		
Members' Share Accounts and Certificates	104,438,040	106,048,598
Dividends and Interest Payable	21,500,000	-
Accrued Expenses and Other Liabilities	203,571	71,584
Total liabilities	935,630	337,715
Reserves	127,077,241	106,457,897
Undividend Earnings	17,882,211	17,565,823
Gain (Loss) Available for Sale Securities	(4,670,374)	(3,618,464)
Net Income	1,139,231	316,388
Total Members' Equity	14,351,068	14,263,747
Total Liabilities and members' Equity	<u>\$ 141,428,309</u>	<u>\$ 120,721,644</u>

# STATEMENT OF INCOME

Minnesota Power Employees Credit Union  
Income Statement

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
<b>Interest Income</b>		
Loans Receivable	\$ 3,608,804	\$ 2,686,903
Investments & Interest Bearing Deposits	990,350	468,893
Total Interest Income	4,599,154	3,155,796
<b>Interest and Dividend Expense</b>		
Net Interest Income	578,422	229,740
	4,020,732	2,926,056
<b>Provision for Loan Losses</b>		
	368,451	66,474
Net Interest Income After Provison	3,652,281	2,859,582
<b>Non-Interest Income</b>		
Service Charges and Fees	286,838	146,141
Other	1,020,201	1,246,803
Gain/(Loss) on Assets / Investments	-	15,910
Total Non-Interest Income	1,307,039	1,408,854
<b>Non-Interest Expense</b>		
Compensation and Benefits	1,772,099	1,651,345
Occupancy	309,263	663,186
Office Operations	327,811	344,661
Education and Promotion	215,031	221,721
Loan Servicing	394,891	267,272
Professional and Outside	605,701	635,700
Other	195,293	168,163
Total Non-Interest Expense	3,820,089	3,952,048
Net Income	<u>\$ 1,139,231</u>	<u>\$ 316,388</u>

## BOARD OF DIRECTORS CANDIDATES:

### **Jeremy Caine** – 3 year term

- Employee of VC3 (f/k/a CW Technology) since 2001
- MPECU Board of Directors 2021-present, MPECU Credit Committee 2014-2021
- Member of MPECU for 33 years

### **Marcia Podratz** – 3 year term

- Recently retired from ALLETE/Minnesota Power
- MPECU Board of Directors 2021-present, MPECU Supervisory Committee 2015-2021
- Member of MPECU for 34 years

## CREDIT COMMITTEE CANDIDATES:

### **Julie Fender** - 3 year term

- Employed at Minnesota Power/Allete since 1992
- Currently serves on the MPECU Supervisory Committee
- Manager of accounting overseeing general accounting, tax/property and budgeting
- Served on the Lake Superior College Accounting Advisory Committee, MP Medial Plan Board of Governors

## SUPERVISORY COMMITTEE CANDIDATES:

### **Ali Carlson** -3 year term

- Account Executive at Duluth News Tribune
- Current Supervisory Committee Chair
- Graduated Leadership Duluth in 2017
- Member of MPECU for 5 years

**CREDIT COMMITTEE:**

Tony Hansen, Chair  
Kay Libby  
Tony Wilson  
Darrin Zwak

**SUPERVISORY COMMITTEE:**

Ali Carlson, Chair  
Julie Fender  
Cindy Hammarlund

**BOARD MEMBERS:**

Marcia Podratz, Chair  
Steve Sharkey, Vice Chair  
Nathan Schmidt, Secretary  
Jeremy Caine  
Mike French  
Tom Meyer  
Kent Oliver

**MPECU RETIREMENT AND  
FINANCIAL ADVISORS:**

Ed Grondahl  
Ryan Daniels

**MPECU STAFF:**

Deb Almirall  
Kaitlyn Bergerson  
Peter Cieluch  
Adam Daoust  
Chris Grancyznski  
Dave Kauma  
Pat Kiehl  
Eden Kowalczyk  
Annie Lepper  
Kaden Lofquist  
Jane Naeyaert  
Jason Olsen  
Laura Ostby  
Cory Ouellette  
Kendra Quain  
Trudy Quain  
Erin Sengthao  
Serra Waldbilig  
AJ Watland



**MAIN OFFICE**

30 W. Superior Street, Suite 126



**ARROWHEAD BRANCH**

3308 W. Arrowhead Road



**MILLER PLAZA BRANCH**

1405 Miller Trunk Highway, Suite 500

[WWW.MPECU.COM](http://WWW.MPECU.COM)