

MPECU'S 92ND ANNUAL MEETING

2024 Annual Report

BOARD/CU REPORT

2024 was a milestone year for MEPCU. We bid farewell to our CEO of 11 years, Debora Almirall as she retired on December 31st. Deb's member-focused service and always keeping the future of MEPCU at the forefront of her decisions has left a strong legacy for us to follow. We wish her all the best in her retirement! Jason Olsen has moved from SVP Business Lending into the CEO position. He is excited to continue to build on the credit union's rich history and help us grow in the future. Annie Lepper was promoted to SRVP of Marketing and Adam Daoust was promoted to VP Business Lending as well. In 2024 we also welcomed Cade Kowalczak as a MSR Supervisor, Zander Nelson as an MSR, and GaoSheng Vang as an Accounting Specialist.

MEPCU had an excellent audit from Clifton, Larson, Allen and surpassed our budget finishing the calendar year with net income in excess of a million dollars! We grew loans in all categories and maintained a low delinquency rate while increasing total assets.

We maintained our Community Development Financial Institution (CDFI) certification in 2024. 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. MEPCU was able to provide over \$19.5 million dollars in small business lending in 2024.

In spring, we were able to add The DECC as our newest Select Employers Group. We're grateful for the opportunity to expand

our business relationships and bring more financial benefits to another Northland employer.

In 2025, we're looking to continue our tradition of low (or no!) fees, dynamic loan and share pricing, and expanding our convenience services while investing in information security. We'll also be doing a Location and Services study to make sure we're continuing to meet your expectations with our services and locations.

We participated in CU Forward Day with several staff members to help the local non-profit Lincoln Park Children and Families Collaborative paint their childcare center. 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. We also participated in the Head of The Lakes United Way Day of Caring, donating several items for the Duluth Parenting Time Center. MEPCU also donated to various non-profits, educational programs, and community initiatives throughout 2024. 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 92nd year. Without your support and patronage, we wouldn't be able to be as strong and stable as we are.

Thank you very much for supporting MEPCU!

Respectfully submitted,
Marcia Podratz, Board Chair
Jason Olsen, 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 2024 annual audit performed by certified public accountants Clifton, Larson, Allen LLP as of 6/30/2024, 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
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 2024 Credit Committee is pleased to report significant growth in lending totaling over \$35.5 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 \$19.5 million in small business lending last year, 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 2024 another successful year.

Respectfully submitted,
Darrin Zwak, Chair
Julie Fender
Tony Wilson

STATEMENT OF FINANCIAL CONDITION

Minnesota Power Employees Credit Union
Balance Sheet

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Assets		
Cash and Cash Equivalents	\$ 16,533,860	\$ 11,320,835
Securities and Investments	22,458,948	25,018,133
Loans, net	103,139,585	95,144,173
Accrued Interest Receivable	368,813	302,759
Furniture, Equipment and Leasehold Impr, net	41,400	39,586
National Credit Union Share Insurance Fund Deposit	1,024,196	1,052,675
Other Assets	<u>8,588,991</u>	<u>8,550,148</u>
Total Assets	<u>\$ 152,155,793</u>	<u>\$ 141,428,309</u>
Liabilities and Members' Equity		
Members' Share Accounts and Certificates	114,037,520	104,438,040
Dividends and Interest Payable	21,500,000	21,500,000
Accrued Expenses and Other Liabilities	<u>414,962</u>	<u>203,571</u>
Total liabilities	136,805,812	127,077,241
Undividend Earnings	19,031,114	17,882,211
Gain (Loss) Available for Sale Securities	(4,978,760)	(4,670,374)
Net Income	<u>1,297,627</u>	<u>1,139,231</u>
Total Members' Equity	15,349,981	14,351,068
Total Liabilities and members' Equity	<u>\$ 152,155,793</u>	<u>\$ 141,428,309</u>

STATEMENT OF INCOME

Minnesota Power Employees Credit Union
Income Statement

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Interest Income		
Loans Receivable	\$ 5,541,725	\$ 3,608,804
Investments & Interest Bearing Deposits	<u>1,152,951</u>	<u>990,350</u>
Total Interest Income	6,694,676	4,599,154
Interest and Dividend Expense	<u>2,341,620</u>	<u>578,422</u>
Net Interest Income	4,353,056	4,020,732
Provision for Loan Losses	<u>401,168</u>	<u>368,451</u>
Net Interest Income After Provision	3,951,888	3,652,281
Non-Interest Income		
Service Charges and Fees	190,344	286,838
Other	928,044	1,020,201
Gain/(Loss) on Assets / Investments	<u>-</u>	<u>-</u>
Total Non-Interest Income	1,118,388	1,307,039
Non-Interest Expense		
Compensation and Benefits	1,681,460	1,772,099
Occupancy	232,165	309,263
Office Operations	374,406	327,811
Education and Promotion	227,712	215,031
Loan Servicing	363,580	394,891
Professional and Outside	704,783	605,701
Other	<u>188,543</u>	<u>195,293</u>
Total Non-Interest Expense	3,772,649	3,820,089
Net Income	<u>\$ 1,297,627</u>	<u>\$ 1,139,231</u>

BOARD OF DIRECTORS CANDIDATES:

Ali Comnick – 3 year term

- Account Executive at Duluth News Tribune
- With Duluth Magazine/Forum Communications since 2014
- Currently services as the Supervisory Committee Chair

Tom Meyer – 3 year term

- Retired District Director-Voyagers Area Council-Boy Scouts of America
- Active Skyline Rotary Member-Rotarian of the Year 2023
- Currently and MPECU Director

CREDIT COMMITTEE CANDIDATES:

Darrin Zwak – 3 year term

- Cost and Pricing Analyst at Minnesota Power
- Current Credit Committee Chair
- Member of MPECU for 4 years

Dawn McMillian – 3 year term

- Currently employed at UW-Superior as a Senior Financial Specialist
- Member of MEPCU for over 20 years
- Serving on University Staff Senate at UW-Superior

SUPERVISORY COMMITTEE CANDIDATES:

Mike French – 3 year term

- Senior Engineer in Enterprise Projects at Minnesota Power
- Current MPECU Board Member
- Member of MPECU for 15 years

Julie Fender – 3 year term

- Employed at Minnesota Power/Allete since 1992
- Serves on MPECU's Credit Committee
- Currently manager of accounting overseeing general accounting, tax/property and budgeting

Brian Erdman – 3 year term

- Retired from Walgreens as a Pharmacy Manager
- Member of MPECU for over 40 years
- Currently on the Board for Living Christ Lutheran Church

CREDIT COMMITTEE:

Darrin Zwak, Chair
Julie Fender
Tony Wilson

SUPERVISORY COMMITTEE:

Alic Carlson, Chair
Sara Rolfson

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

MPECU STAFF:

Peter Cieluch
Adam Daoust
Chris Granczynski
Dave Kauma
Pat Kiehl
Cade Kowalczak
Eden Kowalczak
Annie Lepper
Kaden Lofquist
Jane Naeyaert
Zander Nelson
Jason Olsen
Laura Ostby
Cory Ouellette
Kendra Quain
Trudy Quain
Erin Sengthao
Gao Vang
Serra Waldbilig
AJ Watland

Congratulations!

Debora Almirall



Jason Olsen



Painting Project at Lincoln Park Children and
Families Collaborative CU Forward Project



Play Doh Drive for Head of the Lakes United
Way's Day of Caring



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