



MPECU'S 93RD ANNUAL MEETING

2025 Annual Report



BOARD/CU REPORT

2025 was a fantastic year at MPECU! Jason Olsen completed his first year as CEO and the Credit Union experienced great growth while maintaining stability in a challenging economic environment. We also welcomed MSRs Jamie Quade and Cedar Johnson to our MPECU group!

MPECU began the year with the National Credit Union Administration (NCUA) on January 2nd performing an extensive exam as they normally do every eighteen months. Along with members of the Minnesota Department of Commerce, the exam found MPECU continuing to be low-risk and maintaining high standards of financial management and soundness/stability. In addition, we had an excellent audit from Clifton, Larson, Allen and surpassed our budget finishing the calendar year with net income in excess of a million and a half 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 2025. 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 was able to provide over \$19 million dollars in small business lending in 2025.

In 2026, we're looking to continue our tradition of delivering our members extraordinary value and expanding our convenience services while investing in information security. We appreciate all the members who took time to fill out our survey. Your feedback truly makes a difference in steering our strategies and finding ways to serve you and our communities better. In addition, we are excited to announce that we are opening a new branch in the fall of this year! The new facility, located on Haines Road will replace our Miller location and offer a full line of service, an expanded drive up, and significantly better parking!

We are also excited to announce that we have been approved through the Minnesota Department of Commerce to open our

membership up to those who live, work, and worship in Carlton and Saint Louis Counties in Minnesota and Douglas County in Wisconsin! Our ability to help more of your friends and neighbors will strengthen your Credit Union and help stabilize those in need of the kind of service-first that MPECU has been providing for decades.

We participated in CU Forward Day with several staff members to help Animal Allies in Duluth to help fulfil their wish lists for animal food, treats, and enrichment. 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 in the spring where we painted The Boys and Girls Club kitchen and the fall where we helped sort toy donations for the Salvation Army. MPECU also donated to various non-profits, educational programs, and community initiatives throughout 2025. Many of our employees donate several hours a month to various non-profits in areas they are passionate about.

MPECU also partnered with the Federal Home Loan Bank of Des Moines to super charge our charitable giving through their grant matching program! We donated \$12,500 through the FHLB Des Moines Member Impact Fund. The Member Impact Fund is a matching grant program designed to strengthen communities in FHLB Des Moines' service area. Each of the following area non-profits received a \$10,000 grant:

- Head of the Lakes United Way
- Zeitgeist Arts
- 1 Roof Community Housing
- GND Rec
- Kid's Closet

We're pleased that we able to donate \$50,000 to our local communities!

We are honored to be able to continue serving you as we head into our 93rd 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 MPECU!

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 2025 annual audit performed by certified public accountants Clifton, Larson, Allen LLP as of June 30, 2025, 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,
Mike French, Chair
Brian Erdman
Julie Fender
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 2025 Credit Committee is pleased to report significant growth in lending totaling over \$33.8 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 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 2025 another successful year.

Respectfully submitted,
Darrin Zwak, Chair
Dawn McMillan
Tony Wilson

STATEMENT OF FINANCIAL CONDITION

Minnesota Power Employees Credit Union
Balance Sheet

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Assets		
Cash and Cash Equivalents	\$ 6,753,437	\$ 16,533,860
Securities and Investments	20,601,821	22,458,948
Loans, net	118,837,457	103,139,585
Accrued Interest Receivable	459,686	368,813
Furniture, Equipment and Leasehold Impr, net	112,697	41,400
National Credit Union Share Insurance Fund Deposit	1,046,883	1,024,196
Other Assets	8,912,226	8,588,991
Total Assets	<u>\$ 156,724,207</u>	<u>\$ 152,155,793</u>
Liabilities and Members' Equity		
Members' Share Accounts and Certificates	122,164,401	114,037,520
Dividends and Interest Payable	16,000,000	21,500,000
Accrued Expenses and Other Liabilities	347,245	414,962
Total liabilities	139,314,563	136,805,812
Undividend Earnings	20,328,741	19,031,114
Gain (Loss) Available for Sale Securities	(4,371,160)	(4,978,760)
Net Income	1,452,063	1,297,627
Total Members' Equity	17,409,644	15,349,981
Total Liabilities and members' Equity	<u>\$ 156,724,207</u>	<u>\$ 152,155,793</u>

STATEMENT OF INCOME

Minnesota Power Employees Credit Union
Income Statement

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Interest Income		
Loans Receivable	\$ 6,764,281	\$ 5,541,725
Investments & Interest Bearing Deposits	1,093,567	1,152,951
Total Interest Income	7,857,848	6,694,676
Interest and Dividend Expense	2,892,979	2,341,620
Net Interest Income	4,964,869	4,353,056
Provision for Loan Losses	536,269	401,168
Net Interest Income After Provision	4,428,600	3,951,888
Non-Interest Income		
Service Charges and Fees	302,690	190,344
Other	940,943	928,044
Gain/(Loss) on Assets / Investments	-	-
Total Non-Interest Income	1,243,633	1,118,388
Non-Interest Expense		
Compensation and Benefits	1,895,794	1,681,460
Occupancy	238,892	232,165
Office Operations	340,711	374,406
Education and Promotion	303,454	227,712
Loan Servicing	418,050	363,580
Professional and Outside	823,682	704,783
Other	199,587	188,543
Total Non-Interest Expense	4,220,170	3,772,649
Net Income	<u>\$ 1,452,063</u>	<u>\$ 1,297,627</u>

BOARD OF DIRECTORS CANDIDATES:

Adam Landwehr – 3 year term

- Owner of Wherley Moving Systems and Pools of Fun
- President of the school board for Maple School District in northern Wisconsin

Colleen Anderson – 3 year term

- CFO of Oliver Companies
- Several years of financial management and oversight roles

CREDIT COMMITTEE CANDIDATES:

Neil Jacobi – 3 year term

- Real Estate Investment Consultant with Heirloom Properties
- Residential and Commercial Realtor in the Twin Ports

CREDIT COMMITTEE:

Darrin Zwak, Chair
Dawn McMillian
Tony Wilson

SUPERVISORY COMMITTEE:

Mike French, Chair
Brian Erdman
Julie Fender
Sara Rolfson

BOARD MEMBERS:

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

MPECU RETIREMENT AND FINANCIAL ADVISORS:

Ed Grondahl

MPECU STAFF:

Peter Cieluch
Adam Daoust
Chris Granczynski
Cedar Johnson
Dave Kauma
Pat Kiehl
Cade Kowalczyk
Eden Kowalczyk
Annie Lepper
Kaden Lofquist
Jane Naeyaert
Jason Olsen
Laura Ostby
Cory Ouellette
Jamie Quade
Kendra Quain
Trudy Quain
Erin Sengthao
Serra Waldbilig
AJ Watland



CU Forward Day



Head of the Lakes United Way Donation



Day of Caring



One Roof Community Housing Donation



Day of Caring at Salvation Army



Zeitgeist Donation



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