



# **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>
<b>Assets</b>		
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	<u>8,912,226</u>	<u>8,588,991</u>
 Total Assets	 <u>\$ 156,724,207</u>	 <u>\$ 152,155,793</u>
 <b>Liabilities and Members' Equity</b>		
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	<u>347,245</u>	<u>414,962</u>
Total liabilities	<u>802,917</u>	<u>853,330</u>
 Undividend Earnings	 20,328,741	 19,031,114
Gain (Loss) Available for Sale Securities	(4,371,160)	(4,978,760)
Net Income	<u>1,452,063</u>	<u>1,297,627</u>
Total Members' Equity	<u>17,409,644</u>	<u>15,349,981</u>
 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	<u>1,093,567</u>	<u>1,152,951</u>
Total Interest Income	<u>7,857,848</u>	<u>6,694,676</u>
 Interest and Dividend Expense	 <u>2,892,979</u>	 <u>2,341,620</u>
Net Interest Income	<u>4,964,869</u>	<u>4,353,056</u>
 Provision for Loan Losses	 <u>536,269</u>	 <u>401,168</u>
Net Interest Income After Provision	<u>4,428,600</u>	<u>3,951,888</u>
 Non-Interest Income		
Service Charges and Fees	302,690	190,344
Other	940,943	928,044
Gain/(Loss) on Assets / Investments	<u>-</u>	<u>-</u>
Total Non-Interest Income	<u>1,243,633</u>	<u>1,118,388</u>
 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	<u>4,220,170</u>	<u>3,772,649</u>
 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 Rolfsen

### **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 Grancznski  
Cedar Johnson  
Dave Kauma  
Pat Kiehl  
Cade Kowalczak  
Eden Kowalczak  
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

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