

2024 Annual Report

ICCU's 89th Annual Meeting

A Message from the

Chairman & President

Welcome to Annual Meeting of the Members—Celebrating 89 years!

Dear Members,

2023 was a year of investments in systems that are foundational to our future growth. We placed considerable time and energy into our training and onboarding programs. This has led to a tremendous increase in employee retention that further helps our members recognize our staff on a daily basis, improves consistency in our member service, and reduces on-boarding costs for the credit union as a whole.

Our 2024 commitments include the incorporation of AI (Artificial Intelligence) that will streamline routine inquiries on our website, allowing our staff to be more attentive to members with complex transactions and further improve our service levels and building relationships. We will take this service even further by adapting it to our secure online banking platform in Q2, enhanced financial education in Q3, and culminating with a bilingual (Spanish) offering in Q4.

We reinvested over \$35,000 back into our communities through financial literacy programs for our schools, scholarships to graduating high school seniors, and staff volunteerism. We raised over \$1,000 for Tails, donated staff-wrapped Christmas gifts for Elder Care Services, collected toys at each facility for Toys for Tots, and regularly sponsor programs including CASA, The Sycamore Education Foundation, and the Kishwaukee College Foundation. We also participated heavily in community events such as Corn Fest, the DeKalb Family Fun Fest, the Pumpkin Fest parade, and numerous golf outings and chamber expos.

Late in the year, we launched a new "Member Rewards" program that allows you to earn points towards cash back, loan rate discounts, service charge waivers and more. We also launched a new online membership opening platform that allows us to reach all of our communities and onboard new members in a more efficient, cost-effective manner.

We funded nearly \$25 million in new loans and continued to meet the borrowing needs of our members for home, auto, credit cards, debt consolidation, and more. The rapid rise in deposit rates forced an increase in loan rates, thereby slowing loan demand. The overall loan portfolio decreased by \$4.18 million, while delinquency remained well below our threshold at 0.50% to end the year.

Total memberships grew and we ended the year with 10,967 members, up from the 10,738 reported in 2022. We have a targeted goal of 11,500 by the end of 2024, and we encourage all of our members to recommend us to your family, friends, and colleagues so that they may experience the tremendous programs we have available.

We ended the year with a Net Loss of \$197,954, due mostly to the higher than budgeted Dividend Expense and Charge Offs, and lower than budgeted Interest Income. With an extremely strong Capital position of 11.78%, we are and remain well positioned to withstand these more turbulent environments.

We are grateful for your loyalty and friendships that we have built since 1935.

Respectfully submitted,
Dave Thurwanger, Chairman of the Board
Thor Dolan, President/CEO



Dave Thurwanger
Chairman of the Board



Thor Dolan
President/CEO

Supervisory Committee Report

The Supervisory Committee is a group of volunteers selected from the credit union membership. One of the main responsibilities of the Supervisory Committee is to ensure that the financial statements fairly represent the Credit Union's financial condition.



Steve Garland,
Chairman

In 2023, the Supervisory Committee engaged the public accounting firm Wipfli, LLP to perform an audit of the financial records and statements. That audit was completed as of June 30, 2023. The opinion letter accompanying the audit report presented to the Supervisory Committee noted that the financial statements as of June 30, 2023 and 2022 fairly represented the financial position of the credit union, and did not identify any areas of material concern.

Our state regulatory agency (IDFPR) concluded its examination of the credit union in September 2023. The exam covered the period of January 2022 through June 2023 and presented no material findings. While the exam addressed the negative earnings, they were cognizant of the pressures placed on all financial institutions with the rapidly rising interest rates and were satisfied with management's response to the actions to be taken to improve this area in 2024.

Respectfully submitted,
Steve Garland, Chairman

2023 Treasurer's Report

Total Assets finished the year at \$119,783,398, a \$1.7 million decrease from the prior year. Total Deposits decreased by \$1.6 million, and Total Reserves & Undivided Earnings decreased by \$336 thousand. Factoring into the decrease in Reserves and Undivided Earnings was a one-time, \$150 thousand transfer of Capital to the Allowance for Loan Loss Reserves to comply with a new Accounting rule called CECL (Current Expected Credit Losses).



Rich Ott,
Treasurer

ICCU reported a Net Loss of \$197,954 for 2023. While Loan and Investment Interest Income increased by \$844 thousand over the prior year, Dividend and Interest Expense grew by \$953 thousand due to increasing deposit rates as we found ourselves in a competition with other institutions to maintain our deposit levels, and members took advantage by investing in our high-rate certificate of deposit offerings. Additionally, our Provision for Loan Loss expenses increased by \$130 thousand year-over-year as ICCU, like the entire banking industry, experienced an increase in delinquent and charge-off loans.

ICCU's Capital Ratio finished the year at 11.78%, significantly above the 7% level that our regulatory agency considers to be "well capitalized." This strong capital position has allowed ICCU to weather the interest rate storm of 2023, allowing time for the yield, and interest income, on our Loan and Investment portfolios to catch up to the increased cost of deposits.

Overall, ICCU is in excellent financial shape, and positioned well to serve our members today and into the future.

Respectfully submitted,
Richard Ott, Treasurer

Income Statement

	For the Year Ending 2022	For the Year Ending 2023
INCOME		
Interest on Loans	\$4,081,768	\$4,793,475
Interest on Investments	\$178,076	\$310,434
Other Income	\$2,023,470	\$2,000,072
TOTAL INCOME	\$6,283,315	\$7,103,981
EXPENSES		
Compensation	\$2,613,060	\$2,778,362
Operating Expenses	\$2,108,368	\$2,396,272
Occupancy Expenses	\$341,081	\$384,382
TOTAL EXPENSES	\$5,062,509	\$5,559,016
Provision for Loan Loss	\$210,000	\$340,000
Dividends Paid	\$464,473	\$1,424,662
Non-Operating (Income)/Expense	(\$94,896)	(\$21,744)
NET INCOME	\$641,230	(\$197,954)
BALANCE SHEET		
Loans	\$100,559,309	\$96,378,670
Allowance for Loan Loss	(\$348,796)	(\$505,324)
NET LOANS	\$100,210,513	\$95,873,346
Cash & Investments	\$8,416,728	\$10,153,222
Fixed Assets	\$3,372,582	\$3,822,138
Other Assets	\$9,524,615	\$9,934,692
TOTAL ASSETS	\$121,524,438	\$119,783,398
LIABILITIES, RESERVES & UNDIVIDED EARNINGS		
Current Liabilities	\$924,375	\$1,121,313
Total Member Deposits	\$106,153,087	\$104,550,907
Reserves & Undivided Earnings	\$14,446,976	\$14,111,177
TOTAL LIABILITIES, RESERVES & UNDIVIDED EARNINGS	\$121,524,438	\$119,783,398

Board of Directors

Dave Thurwanger: *Chairman* Steve Elsik
 Douglas Lindgren: *Vice-Chair* Steve Garland
 Richard Ott: *Treasurer* John Linderoth
 Dana Crowley: *Secretary*

Supervisory Committee

Steve Garland: *Chairman* Scott Baylor
 Tom Bohler



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