



## PRESIDENT& CHAIRPERSON'S

REPORT







tis Our honor and humble privilege to serve as your Chairperson and President/CEO! This past year has been one of many transitions, economic landscape changes, and opportunities as we look to the future.

Linn Area Credit Union continues to strive to serve our membership and take care of the organization and our employees – whether that's ensuring we deliver ALL the products and services you desire most from your credit union or sharing our passion to be your primary financial institution throughout your life's financial journey. Our staff comes in every day committed to the financial cooperative spirit and ready to serve you with our CORE Values top of mind: Respect, Service, Integrity, Growth, and Leadership. We truly do work better together when all our efforts are aligned.

In 2022, we continued to focus on bringing you value by enhancing and implementing a variety of products and services. We're also continuing to concentrate on growth and the future.

## **Empower Member and Business Checking Accounts**

We expanded our offerings by launching new checking accounts that reward members who have lower balances in their checking accounts. The accounts also waive all fees associated with the accounts, including NSF fees! The accounts empower members and nonprofit organizations to fulfill their financial goals and reward them for their loyalty to Linn Area Credit Union.

#### **High-Yield Money Market Account**

We launched a new High-Yield Money Market account to diversify the tiers and yields for our savvy money-market savers, providing another option to help new and existing members grow their investments.

#### **Business Credit Cards**

We now offer two great credit cards to our business members. As a business owner, the business credit card is tailored to your needs! You may choose a Rewards card or a card with a lower interest rate, whichever you prefer!

#### **Call Center Updates**

In late 2022, we launched "skill-based routing" so that when you call us, you're put in direct contact with the department best suited to answer your questions or concerns. The goal is to make sure you're no longer transferred between multiple Linn Area team members; instead, you get to speak to the person who can best answer your questions. This has significantly reduced call volume and wait times for our members.

#### **Member Onboarding Program**

As of June, all new members have been treated to a concierge experience to make sure you're set up for success as a member of Linn Area Credit Union. After you become a member, our onboarding team makes sure you're set up with the products and services that best suit your needs. In addition, they help you become comfortable with our digital products so you can manage your accounts as you wish – 24 hours a day, 7 days a week. We continually have very engaging conversations and uncover all

sorts of needs from our new members during this process.

#### **RoundUp Savings**

In early 2022, we launched RoundUp Savings! RoundUp Savings allows members to set up their debit cards to round up to the next dollar and deposit those funds into their designated account.

Members who have enrolled in this program find it to be a very easy way to save with every transaction.

#### **Text Banking**

The credit union continues to refine our banking options when it comes to using text messaging, and we have expanded our capabilities beyond general support questions. We continue to look for ways to securely expand text message banking, so be sure to reach out if there is a feature you'd like us to add!

#### **ATM Upgrades**

We've updated the ATMs at all of our branches to provide you with a more convenient experience and expanded currency denominations.

#### From an infrastructure perspective,

our Board of Directors continues to analyze and discuss best practices of board governance and the approach to the committees and overall board meetings.

In 2022, we consistently refined the new board structure and found a beautiful cadence to our discussions and meetings, as well as a balance of focus for the

**organization**, the **membership**, and the **employees**.

We remain committed to our mission of improving the lives of our members and our communities. Our team donates hundreds and hundreds of hours every year volunteering in our community through projects that benefit countless organizations. We are so proud of the positive differences we are making in the lives of our members and our communities.

We sincerely appreciate your being a loyal member and trusting us to be your chosen financial – we do not take the privilege of serving you for granted.



Joan Auterman



**Margaret Eichhorn** 



Joyce Fowler



Mike Gillen



**Angie Glick-Martin** 



**Loren Hartelt** 



Richard Ortega Nick Wagner



MEMBERS

Jeralyn Westercamp



mit Pointe

# 2022 COMMUNITY

# In 2022, Linn Area Credit Union and our employees found new opportunities to serve our communities. We dramatically increased our total volunteer hours and the number of organizations served. Our team members volunteered 944 hours to 68 nonprofit organizations, which is a 43% increase in hours volunteered and a 13% increase in organizations served as

Our employee-run donation committee directed \$44,388 to 46 nonprofit organizations that make a positive difference in our communities.

We asked our members to help us direct \$4,500 to six area nonprofits for GivingTuesday. Linn Area Credit Union also made substantial donations to several local nonprofits that serve families,

children, and education.

compared to 2021.

#### **Cedar Rapids Freedom Festival**

Linn Area Credit Union donated \$22,500 to be a primary sponsor of Balloon Glow, a Freedom Festival event. The Balloon Glow was staged at Jones Park in Cedar Rapids, a new location for the event in 2022. The response to the new venue was very positive, and the weather was perfect.

#### Children's Miracle Network/ University of Iowa Stead Family Children's Hospital

Through the years, Linn Area
Credit Union has been a strong
supporter of the Children's
Miracle Network. In 2022,
we donated \$20,000,
which came from
net proceeds from
our annual CMN
golf outing and
employee
donations.

#### **K-12 School Pantries**

Linn Area Credit Union donated \$4,000 to local schools to help stock the school pantries with food and other necessities for area students and their families. The \$500 donations were given to food pantries at eight Cedar Rapids schools: Washington High School; McKinley Steam Academy; Metro High School; Roosevelt Creative Corridor Business Academy; Grant Wood Elementary; Van Buren Elementary; Hoover Elementary; and Madison Elementary.



#### **Marion Library**

Linn Area Credit Union was proud to support development of the new stateof-the-art Marion Public Library with a donation of \$150,000. The new library is a pillar of the Marion community and a community gathering space where everyone is welcome. The library features special activity and learning areas for all ages to enjoy. The new outdoor terrace is named in our honor as a thanks for our donation.

## New Bohemian Innovation Collaborative (NewBoCo)

In 2022, we donated \$5,000 to NewBoCo, a local nonprofit that provides area teachers with computer science professional development opportunities and helps them implement K-12 curriculum that develops students' coding, engineering, and entrepreneurship skills.

#### **NewBo City Market**

Since 2016, Linn Area Credit Union has donated \$10,000 annually to support NewBo City
Market's free family-friendly programming and sponsor events for our community. Our support also allows us to access the market so we can host special events for the Teacher

Store.

#### The Teacher Store

Since 2009, Linn Area Credit
Union has been the driving
force behind the Teacher
Store, a nonprofit that
provides free classroom
supplies to area K-12 teachers
when funds are not available.
In 2022, Linn Area Credit
Union contributed \$16,428,
enabling the Teacher Store to
serve more than 800 public
and parochial educators.

#### United Way of East Central Iowa

Linn Area Credit Union has an ongoing commitment to the United Way of East Central lowa. In 2022, we contributed just over \$27,000, which is a combined total of employee payroll deductions and the company donation.

Z	Cash and cash equivalents	\$7,784,072
	Investments	\$62,852,985
	Loans to members, net of allowance for loan loss	\$528,481,699
	Fixed assets	\$13,4 <mark>26,357</mark>
Ξ	National Credit Union Share Insurance Fund deposit	\$4,528,145
ASSETS	Other assets	\$3,952, <mark>70</mark> 1
	TOTAL ASSETS	\$621,025,959
	Liabilities	
	Total shares and deposits	\$472,497,120
	Accrued expenses and other liabilities	\$5,079,609
	Borrowed funds	\$83,705,000
8	TOTAL LIABILITIES	\$561,281,729
LIABILITIES & EQUITY	Equity	
	Statutory reserves	\$19,405,346
	Retained earnings	\$41,794,520
	Unrealized gain/loss on investments	- \$1,455,636
	TOTAL EQUITY	\$59,744,231
	TOTAL LIABILITIES AND EQUITY	\$621,025,959
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	Interest on loans to members	\$ <b>621,025,959</b> \$21,951,594
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INCOME	Interest on loans to members Interest on investments and cash equivalents Fee income	\$21,951,594 \$1,103,586 \$1,625,721
	Interest on loans to members Interest on investments and cash equivalents Fee income Other income	\$21,951,594 \$1,103,586 \$1,625,721 \$4,110,452
	Interest on loans to members Interest on investments and cash equivalents Fee income Other income TOTAL INCOME	\$21,951,594 \$1,103,586 \$1,625,721 \$4,110,452 <b>\$28,791,353</b>
INCOME	Interest on loans to members Interest on investments and cash equivalents Fee income Other income TOTAL INCOME Salary and benefit expenses	\$21,951,594 \$1,103,586 \$1,625,721 \$4,110,452 <b>\$28,791,353</b> \$8,872,063
INCOME	Interest on loans to members Interest on investments and cash equivalents Fee income Other income TOTAL INCOME  Salary and benefit expenses Occupancy expenses	\$21,951,594 \$1,103,586 \$1,625,721 \$4,110,452 <b>\$28,791,353</b> \$8,872,063 \$1,260,079
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INCOME	Interest on loans to members Interest on investments and cash equivalents Fee income Other income TOTAL INCOME  Salary and benefit expenses Occupancy expenses Operating expenses Provision for loan losses	\$21,951,594 \$1,103,586 \$1,625,721 \$4,110,452 <b>\$28,791,353</b> \$8,872,063 \$1,260,079 \$7,449,166 \$781,462
	Interest on loans to members Interest on investments and cash equivalents Fee income Other income TOTAL INCOME  Salary and benefit expenses Occupancy expenses Operating expenses Provision for loan losses Dividend and interest expenses	\$21,951,594 \$1,103,586 \$1,625,721 \$4,110,452 <b>\$28,791,353</b> \$8,872,063 \$1,260,079 \$7,449,166 \$781,462 \$3,557,407
INCOME	Interest on loans to members Interest on investments and cash equivalents Fee income Other income TOTAL INCOME  Salary and benefit expenses Occupancy expenses Operating expenses Provision for loan losses Dividend and interest expenses Non-operating income/expenses	\$21,951,594 \$1,103,586 \$1,625,721 \$4,110,452 <b>\$28,791,353</b> \$8,872,063 \$1,260,079 \$7,449,166 \$781,462 \$3,557,407 \$901,838
T EXPENSES INCOME	Interest on loans to members Interest on investments and cash equivalents Fee income Other income TOTAL INCOME  Salary and benefit expenses Occupancy expenses Operating expenses Provision for loan losses Dividend and interest expenses Non-operating income/expenses TOTAL EXPENSES  NET INCOME	\$21,951,594 \$1,103,586 \$1,625,721 \$4,110,452 <b>\$28,791,353</b> \$8,872,063 \$1,260,079 \$7,449,166 \$781,462 \$3,557,407 \$901,838 <b>\$22,822,015</b>
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## AUDIT&RISK COMMITTEE REPORT

Loren Hartelt
Committee Chair

The Audit & Risk

Committee is pleased to
report that Linn Area Credit Union again
received clean reports after thorough
reviews to ensure the safety of member
deposits. All internal and external audits
and exams have been favorable in 2022.

- We contract with Petersen & Associates, a highly respected auditing firm, to perform a certified financial statement audit.
- The Committee employs an internal auditor to perform a wide variety of ongoing compliance tests, evaluations, and reviews.
- The Credit Union Division of the State of Iowa and the National Credit Union Administration both review the credit union's lending practices, financial statements, security standards, management practices, and adherence to regulations, policies, and procedures.



# FINANCE COMMITTEE

Margaret Eichhorn 🛕 Committee Chair

The financial strength of our organization is of utmost importance as we strive to be your trusted financial institution. We use a variety of metrics to evaluate financial stability, and we want to assure you that Linn Area Credit Union is a very strong and financially secure organization for the future!

We ended 2022 with over \$620 million in total assets, an increase of over 9% from 2021's year-end total of \$568 million assets. Our continued profitability allows us to both invest in the growth of the organization and return those profits to you, our members, in the form of preferred interest rates on both loan and deposit products.

Our net capital ratio, which is the ratio used by our regulators to evaluate financial stability, was 9.86% at the end of 2022, an increase from 2021's year-end ratio of 9.73%. Regulators require a minimum of 7.00% for a credit union to be considered well-capitalized.

From a lending perspective, our lending teams successfully embraced the challenges and opportunities of 2022 as they continued to bring quality loan products to our membership, regardless of the economic or nationwide circumstances we faced. As your member-owned financial cooperative, Linn Area Credit Union continues to strive to make it easy and convenient for you to get the loans you need to meet your needs and to help make your families' dreams come true.

Our loan application processes have made it easy for borrowers to be served in their preferred way, whether that's within our branches or via digital services. Being able to accomplish nearly everything electronically is still a top priority, and we continue to focus on delivering a consistent member experience across the board.

We have consistently grown our loan portfolio throughout the year, and it continues to remain healthy and strong. We appreciate your loyalty when turning to us for your borrowing needs and for honoring your obligations, especially in these challenging times.

Our talented and caring lenders made nearly 6,500 loans totaling over \$177 million during 2022. We ended 2022 with 26,769 loans on our books, totaling almost \$523 million.

We helped make 448 mortgage loans of almost \$53 million to finance and/or refinance our members' dream homes at premium interest rates. Additionally, we helped local businesses finance 73 loans for almost \$7 million in commercial loans. All of our previous Paycheck Protection Program (PPP) loans have been completely forgiven or paid down to a zero balance. The remaining \$142 million in loans originated in 2022 financed autos, recreational vehicles, home improvements, personal loans, and numerous other needs of our members. We are extremely proud of the impact we make in our community by providing attractive programs with consistently competitive and favorable loan products and interest rates.

On behalf of the Finance Committee and our dedicated lenders, please accept our deep appreciation for putting your trust in us. We look forward to continuing to serve you and meeting your needs long into the future.



# BOARD GOVERNANCE & NOMINATION

Nick Wagner A Committee Chair

The Board Governance & Nomination Committee is pleased to report that Linn Area Credit Union spent a significant amount of time and resources in 2022 to expand our board governance and follow best practices in board oversight.

The credit union has also recruited non-voting associate board members to be an active part of our ongoing board structure and committee activities for recruitment, onboarding, training, and succession planning of our Board of Directors. The associate board members will ensure continuity through changes at the board level for diversity and inclusion, continuing to represent our membership seamlessly.

We have also expanded and enhanced our committee structure so that we now have four operating committees.

The Board Governance & Nomination
Committee is responsible for overseeing
board membership and reviewing credit
union policies. The Finance Committee
oversees both the credit quality of lending
practices and the financial strength of the
organization as a whole. This committee
is a consolidation of the previous Credit
Committee and the Asset/Liability
Management Committee. In addition to
handling internal and external audits, the
Audit & Risk Committee is also responsible
for the oversight of organizational risk, such
as IT and security concerns. The ad hoc
Personnel Committee meets annually.



This committee ensures human resources and employee compensation best practices are implemented throughout the organization, so we can attract and retain the best talent to serve you – our members!

Our monthly board meetings have moved to a consent agenda format where committees are responsible for the thorough review of routine items and in-depth conversations around those specific details. This allows the full board to focus on strategic priorities and global items affecting the credit union and its membership. We have been very happy with the success of the new meeting format, which allows us to more quickly move forward strategic discussions impacting the credit union and membership.









