

MembersAlliance

CREDIT UNION

2020 Annual Report



The year in photos



2020 by the numbers

\$2.1 MILLION+

in direct financial benefit to our members by choosing to bank with us versus area banks, with an average annual benefit of **\$107** per member and **\$1,349** for high-use member households. Here are some of the services members save the most with:

\$855/yr on 15-year mortgages
\$815/yr on 30-year mortgages
\$1020 avg. savings on closing costs
\$278/yr on new auto loans
\$219/yr on used auto loans
\$236/yr on platinum credit card

*Average savings estimate completed by CUNA Economics & Statistics 2020 report

250+

financial education participants, virtual and in person opportunities for both adults and teens.

380

loan modifications for over

\$11,000,000

to assist members experiencing financial hardships. Most of these were related to job loss or furloughs brought on by the pandemic.

\$150,000+

fees waived during 2020. This includes over **\$110,000** in overdraft/NSF fees, over **\$35,000** in late fees, and over **\$5,000** in service fees.

30

local organizations, non-profits, and charitable ventures supported or partnered with in 2020.

Chairman's Report

Like nearly every other business and organization, the Credit Union was affected by the COVID-19 pandemic in 2020. Sudden changes in our members' spending and saving patterns, new State-level operating restrictions, and an influx of funds from Federal stimulus payments required the Credit Union's Board to revise plans and expectations put in place at the beginning of the year. Temporarily closing our lobbies and taking steps to safeguard the health of our employees required changes to how we operated on a day-to-day basis. The effects of these changes are still with us in many ways.



The Credit Union's assets grew substantially in 2020 due to the spending and saving pattern changes. Loan portfolio growth was difficult to achieve. Net income was low during the first half of the year as overall economic activity dropped, but it improved during the second half.

An audit at the beginning of 2020 by Selden Fox, Ltd., resulted in a clean opinion and concluded that the Credit Union's financial statements fairly present its financial condition. The current year-end audit activities are underway and similar positive results are expected. A routine examination by the Illinois Department of Financial and Professional Regulation concluded that the Credit Union operates in a safe and sound manner, is stable, and is able to withstand normal business fluctuations. The Credit Union's share insurer, American Share Insurance, participated in that examination and commended the Credit Union for maintaining a safe and sound financial institution that is dedicated to serving its membership.

President Cheryl Sio celebrated her 45th anniversary with the Credit Union in 2020. Working that many years for one employer is a rare accomplishment. Cheryl has managed the Credit Union as it grew from a single location that provided basic savings accounts and loans into a large, well-known organization with multiple branches that offers a wide variety of products and services both in-person and online. Without Cheryl's leadership and vision, the Credit Union would not be what it is today.

Director Steve Guedet is leaving the Board at the end of this term to spend more time enjoying his retirement. We appreciate his contributions and efforts over the past several years and wish him the best going forward.

On behalf of the Board, I want to thank the membership for continuing to use and support the Credit Union. Thanks also to the Board, Management, and staff of the Credit Union for working to make it the leader in our community in providing financial products, exceptional service, and financial education. Thanks especially to the frontline employees for their dedication during the year.

Gregory C. Hopkins

Gregory C. Hopkins
Chairman of the Board

President's Report



Social Distancing. Stimulus Checks. Face masks. Acrylics. Hand sanitizer shortages. Essential service. Quarantine. Maximum capacities. Zoom. Payment relief. Payment forbearance. Directional signs on floors. Contactless delivery. The list goes on.....

There are so many new words and terms in our daily lives since I wrote my annual report one year ago. I had no clue what was about to happen in our world. Never in my history with the credit union have I had to think about closed lobbies or taking steps to ensure that our staff and members were given the utmost health safety considerations on a daily basis. Thankfully, we have a team that just continues to amaze me when it comes to adapting and re-positioning, sometimes multiple times in a given day. With the full cooperation of our board, staff, and members, we were able to keep moving forward and rise above the challenges we face.

2020 is marked with so many incredible insights. The first things that come to my mind are the value of relationships, the ever-increasing dependence on technology, and the importance of trust. For me, these values apply to both personal and professional situations. At MACU, we base our business on relationships, strive to keep up with technology, and work hard to earn and maintain your trust.

In January of 2020, we had the privilege of celebrating our staff and launching our We Care initiative. We Care. That's our promise. It's our way of letting you know that we are committed to providing a place our members, staff, visitors, and community can expect the highest standards of care, respect, and sense of value. Little did we know last January that we would be presented with so many opportunities to demonstrate our commitment to that initiative.

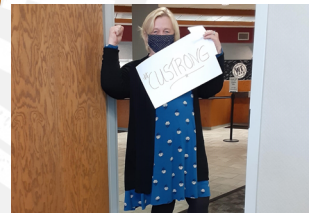
I am especially grateful for our board members, who supported us while we made decisions we've never needed to make before. They give freely of their time and knowledge and continue to raise the bar and provide the guidance necessary to take us into the future. I cannot adequately express my gratitude toward our executive staff, who never back down from challenges, find ways to keep things moving forward, and manage to keep our staff safe and focused on the best way to serve our members. Our staff was incredible this year. I continue to be amazed by how they adapted to (sometimes daily) change, dealt with scheduling changes, home learning, face seemingly never-ending lines of cars at the drive-up, and are willing to do whatever it takes to meet the needs of our members. The value of our employees and the extraordinary service they provide day in and day out cannot be overstated.

Our members have been remarkable as well. It became apparent to me during the past year that, while there has been a definite shift toward digital engagement, it's even more important that we focus on follow-up as well as delivery. Our members and our community deserve a place where everyone is welcome and valued. A place they can trust and count on to be there for them when personal service is needed. It is my hope, that MembersAlliance is that place for you. Thank you for continuing to choose us, use our services, and see the value in what we can do as your financial partner.

Cheryl A. Sio

Cheryl A. Sio, President

Celebrating 45 years in 2020



Thank you for all that you do!

Comparative

Statements

ASSETS & LIABILITIES		
ASSETS	2020	2019
LOANS:		
LOANS TO MEMBERS	\$76,591,908	\$87,247,604
REAL ESTATE - 1ST MORTGAGE	42,560,915	31,505,133
REAL ESTATE - HOME EQUITY	4,352,149	5,463,913
VISA LOANS	12,532,134	13,557,072
TOTAL LOANS	\$136,037,106	\$137,773,722
ALLOWANCE FOR LOAN LOSS	(2,191,866)	(2,232,833)
NET LOANS	\$133,845,240	\$135,540,889
CASH	\$32,917,532	\$11,915,390
INVESTMENTS:		
CDs @ FINANCIAL INSTITUTIONS	\$55,127,000	\$34,050,000
CORPORATE CU & CORP CU SHARES	300,000	300,000
FEDERAL AGENCY SECURITIES & CMO	9	1,986,768
NET INVESTMENTS	\$55,427,009	\$36,336,768
FIXED ASSETS:		
LAND	\$684,398	\$684,398
BUILDING & IMPROVEMENTS (NET)	1,611,689	1,703,535
EDP & EQUIPMENT (NET)	379,494	161,836
TOTAL FIXED ASSETS (NET)	\$2,675,581	\$2,549,769
OTHER ASSETS:		
PREPAID EXPENSES	\$459,300	\$368,564
ACCRUED INTEREST ON LOANS & INVEST	387,370	435,729
ASI SHARE INSURANCE DEPOSIT	2,271,264	2,243,852
MISC ASSET ACCTS	4,833,485	4,769,597
TOTAL ASSETS	\$232,816,779	\$194,160,559
LIABILITIES		
ACCOUNTS PAYABLE	\$2,014,061	\$1,680,706
DIVIDENDS PAYABLE	44,115	71,377
ACCRUED EXPENSES	1,012,794	288,866
TOTAL LIABILITIES	\$3,070,971	\$2,040,949
EQUITY		
SHARE ACCOUNTS:		
REGULAR SHARES	\$122,157,529	\$96,972,040
CLUB SHARES	186,001	155,534
SHARE DRAFTS	53,114,429	41,835,994
MONEY MARKET SHARES	22,814,691	20,153,316
SHARE, IRA & HSA CERTIFICATES	13,263,290	15,524,318
TOTAL SHARES	\$211,535,939	\$174,641,202
RESERVES:		
REGULAR RESERVE	\$3,535,732	\$3,535,732
INVESTMENT VALUATION RESERVE	0	(13,320)
UNDIVIDED EARNINGS	14,674,138	13,955,996
TOTAL RESERVES	\$18,209,870	\$17,478,408
TOTAL EQUITY	\$229,745,809	\$192,119,610
TOTAL LIABILITIES & EQUITY	\$232,816,780	\$194,160,559

INCOME AND EXPENSE:

	2020	2019
INCOME:		
INTEREST ON LOANS	\$6,261,943	\$6,427,485
INTEREST ON INVESTMENTS	886,534	1,002,332
FEES	1,382,643	1,798,507
MISC OPERATING INCOME	1,783,596	1,715,872
TOTAL GROSS INCOME	\$10,314,717	\$10,944,196
EXPENSES:		
EMPLOYEE SALARIES & BENEFITS	\$4,817,856	\$4,587,613
OFFICE OCCUPANCY	813,500	704,292
OFFICE OPERATIONS	919,232	891,357
MARKETING & BUSINESS DEVELOPMENT	251,745	244,480
SERVICE & PRODUCT EXPENSES	1,417,673	1,381,769
COMMUNITY ENGAGEMENT & NFP SUPPORT	31,783	46,798
OTHER EXPENSES	449,081	500,983
TOTAL OPERATING EXPENSES	\$8,700,870	\$8,357,293
PROVISION FOR LOAN LOSSES	\$659,405	\$1,205,243
DIVIDEND EXPENSE	\$196,469	\$229,694
NON-OPERATING INCOME (Expense)	(39,829)	(33,895)
NET INCOME / (LOSS)	\$718,143	\$1,118,072

STATEMENT of REGULAR RESERVE, ALLOWANCE for LOAN LOSS and UNDIVIDED EARNINGS

	REGULAR RESERVE	ALLOWANCE for LOAN LOSS	UNDIVIDED EARNINGS
BALANCE @ 1/1/2020	\$3,535,732	\$2,232,833	\$13,955,996
NET INCOME DISTRIBUTION			718,143
LOANS CHARGED OFF		(919,390)	
RECOVERIES		219,019	
PROVISION FOR LN LOSSES		659,405	
12/31/2020	\$3,535,732	\$2,191,866	\$14,674,139

VARIOUS BENCHMARK COMPARISONS

	2020	2019	2018
NUMBER OF MEMBERS	19,666	19,843	19,875
NUMBER OF LOANS	12,604	12,248	12,025
AVERAGE SHARE BALANCE	\$10,756	\$8,801	\$8,683
AVERAGE LOAN BALANCE	\$10,793	\$11,249	\$11,273
% NET CHARGED OFF LOANS	0.510%	0.874%	0.581%

Investment Securities

December 31, 2020

CARRYING VALUE AND ESTIMATED MARKET VALUE OF INVESTMENT SECURITIES ARE AS FOLLOWS
(IN THOUSANDS):

	WEIGHTED AVERAGE YIELD	CARRYING VALUE	ESTIMATED MARKET VALUE
U.S. AGENCY SECURITIES	n/a	\$0	n/a

AMORTIZED COST AND ESTIMATED MARKET VALUE OF INVESTMENTS IN DEBT SECURITIES ARE AS
FOLLOWS (IN THOUSANDS):

	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	ESTIMATED MARKET VALUE
US AGENCY SEC	\$0	\$0	\$0	\$0
MTG-BKD SEC	\$0	0	0	\$0
TOTAL DEBT SEC	\$0	\$0	\$0	\$0

THE AMORTIZED COST AND ESTIMATED MARKET VALUE OF DEBT SECURITIES, INCLUDING MORTGAGED-BACKED SECURITIES ARE SHOWN BELOW. EXPECTED MATURITIES WILL DIFFER FROM CONTRACTUAL OR WITHOUT CALL PREPAYMENT PENALTIES (IN THOUSANDS); MATURITIES BECAUSE BORROWERS MAY HAVE THE RIGHT TO CALL OR REPAY OBLIGATIONS, WITH OR WITHOUT CALL PREPAYMENT PENALTIES (IN THOUSANDS):

	AMORTIZED COST	ESTIMATED MARKET VALUE
U.S. GOV'T & FED'L AGENCY SECURITIES		
DUE IN ONE YEAR OR LESS	\$0	\$0
DUE AFTER ONE YEAR < FIVE YEARS	0	0
DUE AFTER FIVE YEARS < TEN YEARS	0	0
DUE AFTER TEN YEARS		
TOTAL U.S. SECURITIES	\$0	\$0
MORTGAGE-BACKED SECURITIES	0	0
TOTAL DEBT SECURITIES	\$0	\$0

Proceeds from sales of investments in debt securities (incl. mortgage-backed securities) during 2020 were \$0. These proceeds included gross gains of \$0 & gross losses of \$0.

Community Outreach

Although everyone faced numerous challenges in 2020, showing our support for other worthwhile local organizations remains a priority in making a difference right here in our community. We are privileged to partner with and sponsor a variety of local events and organizations within this amazing community we call home! Along with our corporate efforts, our Employee Enhancement Committee* (EEC) selects not-for-profits to which employees can donate time, money, or supplies. Our list of 2020 support includes:

Adopt An Angel-Winn./Boone Foster Care Alliance*
 Alignment Rockford
 Anderson Japanese Gardens
 Banzai Financial Educational Curriculum
 Carpenter's Place*
 Children's Safe Harbor
 City First Christmas Display
 East High School BAMIT Academy
 Girl Scouts of Northern Illinois
 HomeStart
 INCubator program at Hononegah HS
 Jefferson High School BAMIT Academy Sponsor
 K-Fact*
 Luthern High School Yearbook
 Miss Carly's Place*
 Pregnancy Care Center of Rockford
 Remedies*
 Rock House Kids*
 RACVB - Forest City Beautiful
 Rockford Park District All Aglow
 Rockford Rescue Mission*
 Rockton Old Settlers Days
 Shelter Care Ministries*
 Stuff the Bus - school supply drive
 Stateline Youth for Christ - City Life
 United Way of Rock River Valley
 Veteran's Drop-In Center
 Vets Roll
 Winnebago County COVID Response*
 Women of Today's Manufacturing

Member of these local business organizations: Rockford Area Chapter of Credit Unions; Rockford Area Chamber of Commerce; Rockford Area Economic Development Council; Belvidere Chamber of Commerce; Rockford Area Realtors; HomeStart/ City of Rockford; Rockford Network of Professional Women; Better Business Bureau (accredited w/A+ rating); Alignment Rockford.

*The EEC donated a total of \$5,140.00 to these local groups & organizations.

Partners in Kind

Our Partners in Kind (PIK) crew continued the initiative digitally in 2020 to help encourage a kinder community. Rethinking how we could continue our “pop-up” support, we turned to Facebook for some different ideas. We started in the spring by giving away t-shirts to participants who commented on their favorite local business, and then we purchased those shirts for the winners through the Rockford Art Deli’s *Here for Good* campaign, which also gave some of the proceeds back to those businesses. Then in the fall, we gave away gift cards for a variety of local restaurants committed to continuing to offer delivery or carryout services while being forced to close their doors to the public during the pandemic. Here is a listing of our 2020 Partners in Kind:

Baci’s Kitchen
Ciao Bella
Francesco’s Ristorante
Great Harvest Bread Co.
Louie’s Tap House
Nunzio’s Restaurant
The Olympic Tavern
Prairie Street Brewhouse
Rockford Art Deli
Rockford Roasting Co
Wired Cafe
Woodfire Brick Oven Pizza



2020 Leadership

MembersAlliance Credit Union is governed by a volunteer Board of Directors which is voted on at our annual meeting.

Board of Directors (listed in alphabetical order)

Mark Ackerman
Chris Anderson
Susan Campbell
Steve Guedet
Gregory Hopkins
Matthew Marshall
Mary Maxted
Tiana McCall
Cheryl Sio
Tony Troxell
Mark VanderWaal

Chairman of the Board

Gregory Hopkins

Officers

Cheryl Sio, **President**

Christine Erickson, **Vice President of Lending**

Lisa Keller, **Vice President of Operations**

Kelly Froeliger, **Vice President of Finance**

MembersAlliance Credit Union

82nd Annual Meeting

February 18, 2021 5:30 p.m.

Virtual - GoTo Meeting



Bank Easy. Save More *We can Help.*

815.226.2260 | www.membersalliance.org

Traditional Branches

2550 S. Alpine Rd.
Rockford, IL 61108
815.226.2260

6951 Olde Creek Rd.
Rockford, IL 61114
815.484.1160

Walmart Instores

3902 W. Riverside Blvd.
Rockford, IL 61101
815.484.5350

7219 Walton St.
Rockford, IL 61108
815.484.5345

4781 E. Rockton Rd.
Rockton, IL 61072
815.484.1250



YOUR SAVINGS INSURED TO \$250,000 PER ACCOUNT



AMERICAN SHARE INSURANCE

By members' choice, this institution is not federally insured.



**ACCREDITED
BUSINESS**

