

2021

Annual Report



MembersAlliance
CREDIT UNION

You can *rely* on us!

2021 may have been a year filled with uncertainty, but along with or in spite of that uncertainty came the opportunity for growth, innovation, and improvisation. We continue to review and implement new technologies and new services to best meet your evolving needs and expectations for us as your financial partner.

Online and mobile banking continue to add to new features. Our Save to Win savings program entered just its first full year, already tallying over 70 winners who were awarded \$5400 in cash prizes. We reimagined our premium checking option, introducing the MyCashback Checking account, which rewards debit card use with 2% cash back on purchases, ATM fee refunds, and free online bill-pay for members who establish direct deposit, enroll in eStatements, and use their debit card 25 times a month. Loan options continue to be focused on saving members more money and offering more flexibility than outside alternatives featuring favorable interest rates, minimal fees, and member centered terms.

Above all, we are focused on you, striving to provide the best service, guidance, and advice in maximizing your financial well-being. Whether it's a basic transaction, meeting your saving or borrowing needs, or being there to help when life has different plans...We Care. That's our promise.

2021 Impact 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 **\$108** per member and **\$1,994** for high-use member households. Here are some of the services members save the most with:

Mortgages: **\$815/yr** on 15-year mtg, **\$664/yr** on 30-year mtg
Auto loans: **\$278/yr** on new, **\$219/yr** on used
Credit Card: **\$212/yr** on platinum credit card

360+

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

41

local organizations, non-profits, and charitable ventures supported or partnered with in 2021.

*Average savings estimate completed by CUNA Economics & Statistics 2021 report.

This past year, the Credit Union continued with its efforts to operate within the constraints of the COVID-19 pandemic, protect the health of our employees, and provide the services expected by our members. This included wearing masks while in our buildings, performing more transactions online or over the phone and, at times, temporarily closing one or two branches because of staffing issues. Like you, we look forward to the time when we can return to a normal routine.



The Credit Union's assets grew substantially again in 2021. Our loan portfolio grew as historically low mortgage rates increased the demand for real estate loans, but the growth of the automobile loan portion of the portfolio was somewhat limited by the shortage of new cars available for sale. Net income was the highest in over 10 years.

An audit at the beginning of 2021 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. Similar positive results are expected again this year.

This past year, the Board began devoting greater portions of its monthly meetings to planning and strategy items. Our goal is to ensure that the Credit Union continues to be financially sound and that it provides the products and services that the members want.

Directors Matt Marshall, Tiana McCall, and Tony Troxell are leaving the Board at the end of this term. We appreciate their various contributions and wish them the best going forward. The search for new applicants to fill those open positions will begin shortly after the annual meeting.

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 front-line employees for their dedication during the year.

A handwritten signature in black ink that reads "Gregory C. Hopkins".

Gregory C. Hopkins
Chairman of the Board

President's Report



If we didn't figure it out in 2020, 2021 certainly confirmed that there was no going back to business as usual. We've learned all about adapting, having plans C, D, E, and F, not getting too comfortable in the current situation, and the need to reimagine the best way to meet the needs of our members, employees, and our community.

2021 was another incredible year. We continue to focus on delivering financial products with care, respect, and efficiency. We're grateful that you've chosen MembersAlliance to steward your funds and help you achieve financial well-being. It is truly a privilege to partner with you on both financial and personal levels.

In 2021, we lost a credit union pioneer. Lorraine Peterson, my predecessor and former MACU President, passed away. Lorraine retired from the credit union in 1984, after thirty three years of service. I learned many things from her; most significantly the benefits of hard work, planning, and working while being dedicated to her family. In addition to being my boss, she was a mentor and friend.

Lorraine was the catalyst for the trajectory MACU has been on for the past forty years. She believed in what the credit union stood for. It's safe to say that had she not believed MembersAlliance (then named Sundstrand) Credit Union could make a difference, we might not even exist today. We believe that MembersAlliance has a purposeful future; a place everyone can trust and count on to be there for them when personal service is needed.

I am grateful for our volunteer board members, who give freely of their time and knowledge and continue to support and value our efforts to have a long-term impact on our community.

I cannot adequately express my gratitude toward our executive staff, who never back down from challenges, find ways to keep things moving forward, and somehow continue to find the balance in staff and member safety, following health guidelines and mandates, while best serving our members.

The value of our employees and the extraordinary service they provide day in and day out cannot be overstated.

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

Investment Securities

December 31, 2021

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	0.8%	\$16,055	\$16,055

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	\$16,360	\$0	\$305	\$16,055
MTG-BKD SEC	\$0	0	0	\$0
TOTAL DEBT SEC	\$16,360	\$0	\$305	\$16,055

THE AMORTIZED COST AND ESTIMATED MARKET VALUE OF DEBT SECURITIES, INCLUDING MORTGAGED-BACKED SECURITIES ARE SHOWN BELOW. EXPECTED MATURITIES WILL DIFFER FROM CONTRACTUAL 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	11,460	11,292
DUE AFTER FIVE YEARS < TEN YEARS	4,900	4,763
DUE AFTER TEN YEARS		
TOTAL U.S. SECURITIES	\$16,360	\$16,055
MORTGAGE-BACKED SECURITIES	0	0
TOTAL DEBT SECURITIES	\$16,360	\$16,055

Proceeds from sales of investments in debt securities (incl. mortgage-backed securities) during 2021 were \$0. These proceeds included gross gains of \$0 & gross losses of \$0.

Comparative

Statements

ASSETS & LIABILITIES		
ASSETS	2021	2020
LOANS:		
LOANS TO MEMBERS	\$73,381,491	\$76,591,908
REAL ESTATE - 1ST MORTGAGE	57,620,312	42,560,915
REAL ESTATE - HOME EQUITY	2,934,072	4,352,149
VISA LOANS	11,970,769	12,532,134
PARTICIPATION LOANS	9,250,132	0
TOTAL LOANS	\$155,156,776	\$136,037,106
ALLOWANCE FOR LOAN LOSS	(1,580,111)	(2,191,866)
NET LOANS	\$153,576,665	\$133,845,240
CASH	\$23,780,489	\$32,917,532
INVESTMENTS:		
CDs @ FINANCIAL INSTITUTIONS	\$55,866,000	\$55,127,000
CORPORATE CU & CORP CU SHARES	300,000	300,000
FEDERAL AGENCY SECURITIES & CMO	16,054,695	9
FHLB CAPITAL STOCK	187,700	0
NET INVESTMENTS	\$72,408,395	\$55,427,009
FIXED ASSETS:		
LAND	\$684,398	\$684,398
BUILDING & IMPROVEMENTS (NET)	1,500,406	1,611,689
EDP & EQUIPMENT (NET)	295,546	379,494
TOTAL FIXED ASSETS (NET)	\$2,480,350	\$2,675,581
OTHER ASSETS:		
PREPAID EXPENSES	\$408,340	\$459,300
ACCRUED INTEREST ON LOANS & INVEST.	384,722	387,370
ASI SHARE INSURANCE DEPOSIT	2,750,541	2,271,264
MISC ASSET ACCTS	5,235,415	4,833,485
TOTAL ASSETS	\$261,024,917	\$232,816,779
LIABILITIES		
ACCOUNTS PAYABLE	\$2,479,842	\$2,014,061
DIVIDENDS PAYABLE	36,969	44,115
ACCRUED EXPENSES	1,132,059	1,012,794
TOTAL LIABILITIES	\$3,648,870	\$3,070,971
EQUITY		
SHARE ACCOUNTS:		
REGULAR SHARES	\$138,924,789	\$122,157,529
CLUB SHARES	161,974	186,001
SHARE DRAFTS	58,522,373	53,114,429
MONEY MARKET SHARES	25,959,573	22,814,691
SHARE, IRA & HSA CERTIFICATES	14,659,546	13,263,290
TOTAL SHARES	\$238,228,255	\$211,535,939
RESERVES:		
REGULAR RESERVE	\$3,535,732	\$3,535,732
INVESTMENT VALUATION RESERVE	(305,305)	0
UNDIVIDED EARNINGS	15,917,365	14,674,138
TOTAL RESERVES	\$19,147,792	\$18,209,870
TOTAL EQUITY	\$257,376,047	\$229,745,809
TOTAL LIABILITIES & EQUITY	\$261,024,917	\$232,816,780

INCOME AND EXPENSE:	2021	2020
INCOME:		
INTEREST ON LOANS	\$5,914,390	\$6,261,943
INTEREST ON INVESTMENTS	722,825	886,534
FEES	1,432,916	1,382,643
MISC OPERATING INCOME	2,534,464	1,783,596
TOTAL GROSS INCOME	\$10,604,595	\$10,314,717
EXPENSES:		
EMPLOYEE SALARIES & BENEFITS	\$5,155,580	\$4,817,856
OFFICE OCCUPANCY	771,856	813,500
OFFICE OPERATIONS	982,351	919,232
MARKETING & BUSINESS DEVELOPMENT	264,490	251,745
SERVICE & PRODUCT EXPENSES	1,535,195	1,417,673
COMMUNITY ENGAGEMENT & NFP SUPPORT	44,603	31,783
OTHER EXPENSES	491,294	449,081
TOTAL OPERATING EXPENSES	\$9,245,369	\$8,700,870
PROVISION FOR LOAN LOSSES EXPENSE	(\$68,398)	\$659,405
DIVIDEND EXPENSE	\$138,163	\$196,469
NON-OPERATING EXPENSE	46,234	39,829
NET INCOME / (LOSS)	\$1,243,227	\$718,143

STATEMENT of REGULAR RESERVE, ALLOWANCE for LOAN LOSS

and UNDIVIDED EARNINGS

	REGULAR RESERVE	ALLOWANCE for LOAN LOSS	UNDIVIDED EARNINGS
BALANCE @ 1/1/2021	\$3,535,732	\$2,191,866	\$14,674,139
NET INCOME DISTRIBUTION			1,243,227
LOANS CHARGED OFF		(770,379)	
RECOVERIES		227,022	
PROVISION FOR LN LOSSES		(68,398)	
12/31/2021	\$3,535,732	\$1,580,111	\$15,917,366

VARIOUS BENCHMARK COMPARISONS

	2021	2020	2019
NUMBER OF MEMBERS	19,653	19,666	19,843
NUMBER OF LOANS (Excluding Participations)	12,983	12,604	12,248
AVERAGE SHARE BALANCE	\$12,122	\$10,756	\$8,801
AVERAGE LOAN BALANCE	\$11,238	\$10,793	\$11,249
% NET CHARGED OFF LOANS	0.380%	0.510%	0.874%

Community Outreach

2021 continued to provide obstacles throughout our daily lives, but in addition to doing our part to help you achieve financial well-being, being an active, engaged member of our community is also of the utmost importance. There are countless worthwhile local organizations also striving to make 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 2021 support includes:

815 Supply Drive - school supply drive
 Adopt An Angel-Winnebago County*
 AFP National Philanthropy Day
 Alpine Kiwanis Brat Days
 Anderson Japanese Gardens
 Banzai Financial Educational Curriculum
 BBB/MACU Community Shred Day
 City First Christmas Spectacular Display
 Darkhorse Lodge*
 East High School BAMIT Academy
 ELEV815 Christmas
 Easter Seals Academy
 Fatherhood Encouragement Project*
 Girl Scouts of Northern Illinois
 Great Neighborhoods Summits
 HomeStart
 IL Stateline Young Life
 INCubator program at Hononegah HS
 Jefferson High School BAMIT Academy Sponsor
 Keep Northern Illinois Beautiful
 Lutheran High School Yearbook
 MELD*
 Miss Carly's Place*
 Mosaic Rockford
 Partners in Possibilities
 Pregnancy Care Center of Rockford
 RACVB - Forest City Beautiful
 Rockford Park District Music in the Park/All Aglow
 Rockford Promise*
 Rockford Rescue Mission*
 Rock House Kids*
 Rockton Main Street Trick or Treat
 Rosie's Birthday Club*
 Society of St. Vincent DePaul Friend of the Poor Walk
 Stateline Youth for Christ - City Life
 United Way of Rock River Valley
 Veteran's Drop-In Center
 Vets Roll
 Welsh Elementary Book Sponsor
 Winnebago County CASA*
 Women of Today's Manufacturing

Community Outreach

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; Parks Chamber; HomeStart/City of Rockford; Rockford Network of Professional Women; Better Business Bureau (accredited w/A+ rating); Alignment Rockford; Association of Fundraising Professionals.

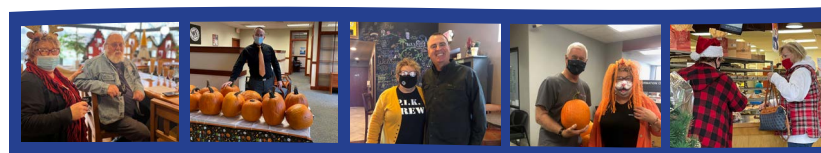
***The EEC donated a total of \$5,665.00 to these local groups & organizations.**

Partners in Kind

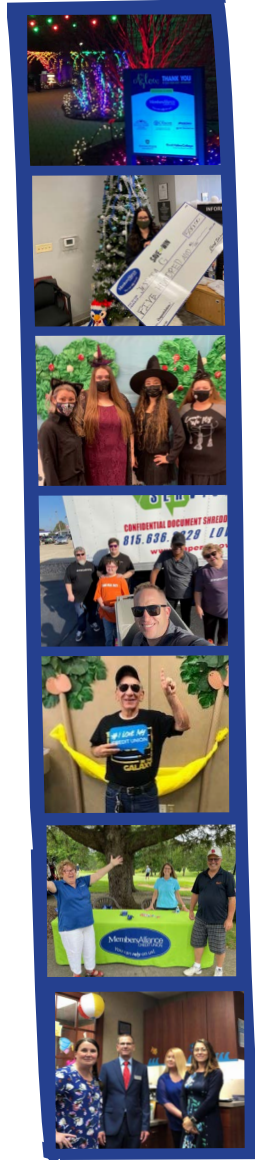
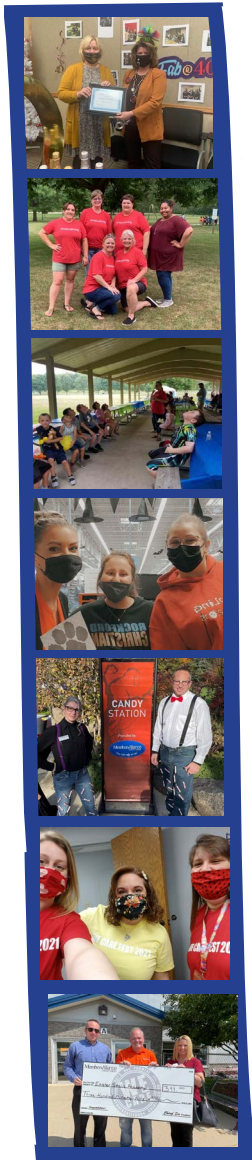
Our Partners in Kind (PIK) crew continued to change up how we set out to encourage a kinder community. Rethinking how we could continue our "pop-up" support, we looked inward. Adding to our support of local businesses, we added the great pumpkin giveaway at our branches in October. We're always open to new ideas so please feel free to share any out of the box concepts you may have. The ultimate goal is to promote kindness and encourage others to pass it on, creating a kinder community for all of us!

2021 Community Partners:

Dee Dee's Cafe
 Great Harvest Bread Co.
 Norwegian
 Rockford Roasting Co
 Wired Cafe



Photos



2021 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
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

83rd Annual Meeting

February 17, 2022 5:30 p.m.

Virtual - GoTo Meeting



Bank Easy. Save More. Live Well. *We can Help.*

815.226.2260 | www.membersalliance.org

Traditional Branches Walmart Instores

2550 S. Alpine Rd.
Rockford, IL 61108
815.226.2260

6951 Olde Creek Rd.
Rockford, IL 61114
815.484.1160

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**

