



2022

**Annual
Report**

Gas & Electric Credit Union



2022- A Year in Review



Board of Directors

Judy VanDeWoestyne, Board Chair
Corbyn Beck, Vice Chair
Joel Vastine, Secretary
Daryl Empen, Treasurer
Darron Niles
Joel Thompson

Tom Pearson
Mike Smith
Karen Thode
Nick Thompson
Dennis Sekharan
Robert Graff



Chairman's Report

2022 was challenging, yet ultimately another successful year for Gas & Electric Credit Union. After our record earnings in 2021 – reflected by the bonus dividend we paid at year-end – 2022 was not as kind, mostly due to the rising interest rate environment.

After decades of ultra-low interest rates, the Fed finally started raising rates in 2022, and raised them faster than any time in recent memory. In less than 1 year, the Prime Rate went from 3.25% to 7.50%, and we are not done. This has been great for savings rates, as CD rates have been at the highest level in over a decade. But this means mortgage and consumer loan rates are higher too. It remains to be seen how high rates will go, or when the Fed will be forced to lower them again. But we will be prepared no matter what, and continue to pay among the best rates on our savings products, and offer the best rates on loans.

The big news for the year was our merger with Quad Cities Postal Credit Union. This occurred in September, but discussions first began in December 2022. We are very proud that we were the ones approached, just as happened with our previous 3 mergers, because of our reputation in the community. We have never pursued merging in a smaller credit union, as we believe they are the heart and soul of our industry. But QCPCU was struggling financially, and decided they would control who they merged with, not our regulator. Staff from both credit unions worked above and beyond to make this happen, and in fact, saved us over \$100,000 in conversion costs through their knowledge, time and effort. The merger added 750 members to our family, \$8.2 million in assets, and a new branch office in Moline to give us one more convenient location for our members. And for QCPCU members, we are proud to welcome you to our family, and be able to offer new products and services that you did not have previously. This is truly one of those win-win mergers.

I would like to thank my fellow Directors for their dedicated service. They give up their time and energy, all without pay, because they want to make sure GECU is looking out for the best interests of our members. I want to especially recognize and congratulate Robert Graff, who has served on the Board for 3 years representing the City of Rock Island. Bob is stepping down as he was recently appointed Fire Chief for the City of Rock Island. In fact, both our Fire Chief and Police Chief were Directors for GECU – not a bad track record! And it is with mixed emotions that I will be stepping down as a Director after 10 years of service myself. It has been my absolute pleasure to serve on the Board and represent you.

GECU is well-positioned to serve our members for decades to come. The values we were founded on still drive us today, and our commitment to our member owners remains as strong as ever. Thank you.

Respectfully Submitted,
Judy VanDeWoestyne
Board Chair

Statistical Data

Credit Committee

Rising interest rates in 2022 made for an interesting year for lending at the credit union. After 2 years of record mortgage loan growth thanks to the lowest rates in decades, we finally saw some slowing. First mortgages still grew by \$2.9 million, or 8.6%, but this was after double digit growth in the previous two years. We also saw solid growth in home equity loans, with growth of just under \$1 million, despite rising interest rates.

We were especially pleased to see growth in auto loans again, after 2 years of plummeting numbers due to the pandemic. Auto loans outstanding finished up \$1.8 million, or 11.24% from 2021. We actually saw growth in every single loan category in 2022 – unsecured loans, other secured loans (boats, motorcycles and RVs), credit cards, and student loans – in addition to autos and mortgages. Loans outstanding increased by \$7.1 million, or 10.65%.

Of course, some of this due to our merger with Quad Cities Postal Credit Union. The merger accounted for only \$2.9 million of this growth, so the majority was due to pent-up demand as we exited the pandemic and returned to a somewhat routine. The pandemic did change how we operate though, with online loan applications and electronic signatures now becoming routine, and even accounting for the majority of our loan closings. Most members never even have to set foot in the credit union to be able to apply for, close, and receive funding for your loan. But for those that still want to deal with a live person, we are and will continue to be here to take care of you that way also. Our job is to serve you and meet your needs the way you choose, not the other way around.

While we expected delinquencies and charge-offs to increase coming out of Covid, these numbers remain historically low. Delinquent loans at year-end stood at just .68% of loans outstanding, down from 1.06% in 2021. And net charge-offs finished the year at just .020% of average loans, just a tick up from .196% the year before. We are starting to see an increase in credit card delinquencies, but are still very pleased overall with these numbers.

The committee would like to thank the loan staff at the credit union for all their efforts to meet the needs of our members. Making loans and meeting your borrowing needs is one of, if not THE primary mission of GECU. We are very proud of our continuing efforts to do just that.

Credit Committee

Karen Thode, Chairman

Mike Smith

Darron Niles

YEAR ENDING DECEMBER 31 2022	YEAR ENDING DECEMBER 31 2021
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MEMBERS AVERAGE TOTAL SHARES/ MEMBER

6038	5390
\$17,700.05	\$18,451.42

NUMBER OF LOANS OUTSTANDING:

Consumer	1357	1305
Signature	643	585
VISA Accounts	1437	1287
Mortgage	570	523

AVERAGE AMOUNT OF LOANS OUTSTANDING:

Consumer	\$15,076.50	\$14,064.23
Signature	\$3,191.29	\$2,747.70
VISA Accounts	\$2,273.90	\$2,173.58
Mortgage	\$79,063.02	\$78,785.01

KEY RATIOS:

Net Worth/Total Assets	9.64%	9.77%
Net Income/Average Assets	0.17%	0.79%
Net Income Before Bonus Dividend/ Average Assets	17.00%	1.03%
Net Charge-offs/Average Loans	0.20%	0.20%
Delinquent Loans/Total Loans	0.68%	1.06%
Net Operating Expenses/Assets	2.11%	2.01%
Loans to Total Shares	69.18%	67.18%



Supervisory Committee

The Supervisory Committee's role is to ensure that the credit union is following state and federal regulations, our own internal policies, and is operating in a safe and sound manner. Our committee is made up of 3 members of the Board of Directors, who cannot be officers nor members of the credit committee.

The committee performs various audits throughout the year, but as the credit union has grown and become more complex, we have also engaged external auditors to help perform many of these tasks. In addition to doing our annual financial audit, Selden Fox CPAs, also performs quarterly internal audits on all areas of operations. We are pleased to report another clean audit report for 2022, with no deficiencies identified and no adjusting entries required. The credit union is also required by law to have annual audits on our Bank Secrecy Act and ACH activities. We engaged Members Financial Services, LLC to perform both of these audits, and are also pleased to report that both of these audits were very clean.

The committee would like to thank the staff for their efforts, and especially recognize our Compliance Officer Jamie Rogers, for all of her efforts to ensure the credit union is abiding by all State and Federal regulations, and working with the committee and our auditors. Overall, we are pleased with the operations and sound financial management of GECU.

Respectfully Submitted,

Joel Thompson, Chairman

Tom Pearson

Bob Graff

Statement of Income & Expenses

INCOME	2022	2021
Interest on Consumer Loans & Mortgages	\$2,707,331	\$2,517,483
Interest on Investments	\$27,488	\$211,693
Share Draft Fees and Charges	\$48,296	\$32,237
VISA Interest & Income	\$412,182	\$391,922
ATM/Debit Card Fees and Charges	\$406,796	\$406,079
Other Fees & Income	\$308,134	\$321,751
NCUSIF Members United Corp Dist.	\$82,705	\$334,995

TOTAL GROSS INCOME	\$3,992,932	\$4,216,161
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OPERATING EXPENSES

Salaries, Payroll Taxes & Employee Benefits	\$1,240,520	\$1,156,268
Normal Operating Expenses	\$1,296,196	\$1,131,119
Member Publications and Marketing	\$82,481	\$66,082
Depreciation	\$155,509	\$155,718
Employee & Director Education	\$46,780	\$19,572
Provision for Loan Losses	\$176,544	\$134,060
NCUSIF Share Insurance Expense	\$0	\$0

TOTAL OPERATING EXPENSES	\$2,998,029	\$2,662,817
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DIVIDEND EXPENSE

Normal Dividends	\$726,049	\$621,552
Bonus Dividend	\$0	\$250,011

TOTAL DIVIDEND EXPENSE	\$726,049	\$871,563
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NON-OPERATING INCOME (EXPENSE)

Gain (Loss) on Investments	(\$76,460)	\$165,684
Gain (Loss) on Sale of Property	\$0	\$0

TOTAL NON-OPERATING INCOME (EXPENSE)	(\$76,460)	\$165,684
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NET INCOME	\$192,394	\$847,464
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10 Year History

YEAR	ASSETS	SHARES	LOANS
2013	\$63,493,716	\$56,391,567	\$39,110,511
2014	\$64,435,869	\$55,216,873	\$41,300,764
2015	\$70,442,168	\$62,770,833	\$43,300,583
2016	\$71,272,831	\$62,782,924	\$44,625,474
2017	\$74,690,592	\$65,700,666	\$48,124,392
2018	\$78,206,110	\$69,486,274	\$54,700,500
2019	\$82,382,957	\$72,697,431	\$60,353,164
2020	\$103,325,503	\$88,006,080	\$63,308,831
2021	\$110,437,833	\$99,453,133	\$66,816,853
2022	\$116,713,734	\$106,872,919	\$73,933,471

Statement of Financial Condition

	YEAR ENDING DECEMBER 31 2022	YEAR ENDING DECEMBER 31 2021
ASSETS		
Loans to Members	\$73,933,471	\$66,816,853
Reserve for Loan Losses	(\$651,177)	(\$525,348)
Investments	\$27,913,816	\$26,348,425
Shares in Corporate Credit Unions	\$7,989,989	\$6,402,331
Cash & Corporate Checking Accounts	\$2,420,220	\$6,417,313
Land, Building, Office Equipment	\$2,073,703	\$1,928,965
NCUSIF	\$1,004,414	\$899,506
Other Assets	\$2,028,173	\$2,149,789
TOTAL ASSETS	\$116,712,609	\$110,437,833
LIABILITIES		
Accounts Payable	\$1,817,078	\$1,211,639
Borrowings	\$0	\$0
Share Accounts	\$33,101,602	\$29,802,053
Share Certificates (CDs)	\$14,196,775	\$13,074,225
Share Drafts	\$27,834,974	\$24,934,017
Christmas Club	\$78,014	\$62,710
IRA Accounts	\$8,556,830	\$8,156,365
Money Market Accounts	\$23,104,724	\$23,423,763
TOTAL LIABILITIES	\$108,689,997	\$100,664,772
MEMBERS EQUITY (RESERVES)		
Regular Reserve	\$914,053	\$914,053
Undivided Earnings	\$9,802,103	\$9,609,709
Acquired Equity from RID Merger	\$538,119	\$264,393
Other Comprehensive Income	(\$952,027)	(\$717,553)
Unrealized Gain/Loss on Securities	(\$2,279,635)	(\$297,541)
TOTAL MEMBERS EQUITY	\$8,022,612	\$9,773,061
TOTAL LIABILITIES & MEMBERS' EQUITY	\$116,712,609	\$110,437,833

2021 Annual Meeting Minutes

Gas and Electric Credit Union

2022 Annual Meeting Minutes

March 5, 2022

Chair of Board, Judy VanDeWoestyne, called the meeting to order at 6:32 PM at the Stern Center, Rock Island, Illinois. Judy asked Secretary, Joel Vastine, to read the call of the meeting. A quorum was present.

Judy VanDeWoestyne declared the 86th annual meeting of the Gas and Electric Credit Union officially open and welcomed the 93 members and guests present.

Judy VanDeWoestyne introduced the board members present. This included Daryl Empen, Joel Vastine, Tom Pearson, Mike Smith, Karen Thode, Corbyn Beck, Robert Graff and Joel Thompson.

Reports:

Chair VanDeWoestyne presented the minutes of the 2021 annual meeting as printed. Leroy Brown moved the minutes be adopted as printed. Motion was seconded by Richard Lopshire and passed.

Chairman

Judy VanDeWoestyne reviewed the Chair's report as printed in the annual report. Included in her report was the addition of Iowa American Water Company to our field of membership, as well as the expansion to serve any employee working in downtown Rock Island.

Credit Committee

Board member Karen Thode presented the Credit Committee's report as printed in the annual report.

Supervisory Committee

Board member Joel Thompson presented the Supervisory Committee's report as printed in the annual report.

President-Treasurer

President Daryl Empen presented his President's report as printed in the annual report.

Old Business

Chair VanDeWoestyne asked the secretary if there was any business remaining from the 2021 annual meeting. Secretary Joel Vastine indicated there was none.

New Business

Chair VanDeWoestyne asked Tom Pearson to read the report from the Nominating Committee consisting of Tom Pearson, Darron Niles, and Dennis Sekharan. Tom read the list of submitted names for nominations: Daryl Empen, Tom Pearson, Mike Smith, Karen Thode, Joel Thompson, Judy VanDeWoestyne, Joel Vastine, Dennis Sekharan, Darron Niles, Corbyn Beck, Robert Graff, and Nick Thompson (new nomination).

Judy VanDeWoestyne called, three times, for nominations from the floor. Leroy Brown moved to close the nominations. Steve Imming seconded, and the motion passed. Leroy Brown then motioned to cast a unanimous vote for the slate of officers as presented. The motion was seconded by Steve Imming and passed.

Chair VanDeWoestyne asked for a motion that the board be allowed to fill any vacancies that may occur during the upcoming year. A motion was made by Steve Imming. Motion was seconded by Leroy Brown and passed.

There being no questions from the floor, Al Shafer moved to adjourn the meeting at 6:52 pm. Motion was seconded by Steve Imming and passed.

A drawing for door prizes was then held, followed by a GECU Trivia contest, and then a buffet dinner.

Judy VanDeWoestyne, Chair

Joel Vastine, Secretary

President's Report

GECU has been one of the best kept secrets around for 87 years. We go about our business of serving our members with low-cost loans, an array of savings products with better rates than most, lower and fewer fees than almost any institution, and the technology to access your money from anywhere at any time.

After 2 years of record asset and share growth, with millions of dollars of stimulus money coming into the credit union, we finally saw a reprieve in 2022. We actually saw an outflow of deposits mid-year, but overall, saw assets grow by 5.7% to \$116.7 million. Of course, our merger with Quad Cities Postal Credit Union in September helped boost this figure. Our net worth did decline slightly from 9.77% to 9.64% due to lower earnings and costs associated with the merger. One of the reasons for our lower earnings in 2022 was a change in accounting rules related to investments. The changes in the market value of certain investments must now be booked to our income statement every month. With interest rates being raised at the fastest pace in decades, this translated to a decline in the value of these investments. Ignoring the change in values of these investments, our net income would have been \$595,000, instead of \$192,000, and our Return on Assets ratio would have been .52% instead of just .17%.

Nonetheless, we remain extremely safe and sound and are well-positioned for the future. Much of our focus in 2022 was in completing our merger with Quad Cities Postal Credit Union. And now that this is under our belt, much of 2023 will be focused on preparing for a conversion of our data processing system to a new provider. This will occur in February 2024, but after being on the same system for over 20 years, this too promises to be a huge commitment and undertaking. But like everything we do, it is being done to ensure we can better serve our members.

I am very proud that we continue to be recognized nationally as among the very best credit unions in the entire country. For the 4th year in a row, we placed in the top 3 in CUNA's Benefits of Membership award, recognizing how much money we save members with our lower loan rates, higher savings rates, and low fees compared to other banks AND credit unions. And we continue to rank in the top 2% according to Callahan and Associates in how much value we return to members.

While it is nice to be recognized for our financial stewardship of our members' money, I think we all know it is our employees that make GECU special. I need to recognize two of them in this year's report. First, Diana Forsythe retired from the credit union in June, after more than 16 years of service. And my first boss and mentor, Wanda Castrey, who managed the credit union for 32 years, passed away in April 2022. She left a legacy of incredible dedication and service that still drives who we are today.

I want to thank all of my staff for the dedication to serving our members, and making me look smarter than I am. You are the face of the credit union, and are the reason for our success

Respectfully Submitted,
Daryl Empen, President

