

2022

ANNUAL REPORT

April 27th, 2023



STATEMENTS OF FINANCIAL CONDITIONS

STATEMENTS OF INCOME & EXPENSE

SUPERVISORY COMMITTEE REPORT

DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
Cash and Cash Equivalents	\$ 82,137,505	\$ 92,759,856
Deposits in Other Financials	\$10,500,235	\$ 498,000
Securities - Available-for-Sale	\$ 246,011	\$ 1,026,126
Securities - Equity	\$ -	\$ 9,361,831
Other Investments	\$ 4,666,854	\$ 3,462,883
Loans Held-for-Sale	\$ 4,065,958	\$ 9,808,571
Loans, Net	\$ 825,284,667	\$ 738,013,767
Accrued Interest Receivable	\$ 2,483,446	\$ 2,037,337
Premises & Equipment, Net	\$ 21,387,679	\$ 22,432,134
NCUSIF Deposit	\$ 7,879,564	\$ 7,255,471
Other Assets	\$ 29,837,176	\$ 45,511,182
Total Assets	\$ 988,489,095	\$ 932,167,158
LIABILITIES AND MEMBERS' EQUITY		
Liabilities		
Members' Share and Savings Accounts	\$ 829,043,607	\$ 779,997,076
Notes Payable	\$ 48,575,000	\$ 50,445,000
Accrued Expenses and Other Liabilities	\$ 10,925,312	\$ 9,895,176
Total Liabilities	\$ 888,543,919	\$ 840,337,252
Members' Equity		
Regular Reserve	\$ -	\$ 10,368,986
Undivided Earnings	\$ 102,917,132	\$ 85,508,145
Accumulated Other Comprehensive Loss	\$ (2,971,956)	\$ (4,047,225)
Total Members' Equity	\$ 99,945,176	\$ 91,829,906
Total Liabilities and Members' Equity	\$ 988,489,095	\$ 932,167,158

DECEMBER 31, 2023 AND 2021

	2022	2021
INTEREST INCOME		
Loans	\$ 32,991,044	\$ 29,966,758
Securities and Interest Bearing Deposits	\$ 3,708,477	\$ 786,809
Total Interest Income	\$ 36,699,521	\$ 30,753,567
INTEREST AND DIVIDEND EXPENSE		
Member Deposits	\$ 3,222,271	\$ 2,668,056
Special Dividend	\$ 500,200	\$ 472,250
Borrowed Funds	\$ 3,005,026	\$ 1,281,992
Total Interest and Dividend Expense	\$ 6,727,497	\$ 4,422,298
NET INTEREST INCOME	\$ 29,972,024	\$ 26,331,269
PROVISION FOR LOAN LOSSES	\$ 1,394,879	\$ 1,370,540
Net Interest Income After Provision for Loan Loss	\$ 28,577,145	\$ 24,960,729
NON-INTEREST INCOME		
Service Charges and Fees	\$ 5,227,166	\$ 6,891,766
Other Non-Interest Income	\$ 7,136,462	\$ 5,997,304
(Loss) Gain on Sale of Investments, Net	\$ (5,495)	\$ 73,240
(Loss) Gain on Sale of Loans, Net	\$ (858,297)	\$ 567,161
Total Non-Interest Income	\$ 11,499,836	\$ 12,016,489
NON-INTEREST EXPENSE		
General and Administrative:		
Employees Compensation and Benefits	\$ 19,330,986	\$ 17,537,603
Office Occupancy and Operations	\$ 5,522,463	\$ 5,017,489
Other Operating Expenses	\$ 8,155,844	\$ 7,319,415
Loss on Sale of Assets, Net	\$ 27,687	\$ 5,631
Total Non-Interest Expense	\$ 33,036,980	\$ 29,880,138
NET INCOME	\$ 7,040,001	\$ 7,097,080

Meeting the Needs of Our Members

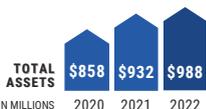
The Supervisory Committee of Ideal Credit Union has long been considered the "watchdog" of this financial institution. We strive to ensure the integrity, accuracy and efficiency of your credit union. Our committee meets regularly to examine different aspects of the credit union's operations. Acting as your representative, the Supervisory Committee ensures that the board and management meet required financial reporting objectives and have established policies and procedures sufficient to safeguard the credit union's assets.

To help conduct a thorough examination of Ideal CU's financial condition, the Supervisory Committee selected CliftonLarsonAllen, LLP, to conduct an external audit of the credit union. In addition, the Supervisory Committee utilizes the services of CliftonLarsonAllen, LLP to conduct internal audits. These audits include account verification, internal control reviews, regulation compliance, security policy review and business continuity planning.

From our examinations, and from reviewing the 2022 auditor's report, it is our opinion that Ideal Credit Union is operating in accordance with the bylaws of the credit union, statutes of the State of Minnesota and the policies set forth by the Board of Directors.

Your questions are researched and answered by this committee. You are encouraged to report any apparent errors or omissions on your statement to us. This enables us to evaluate the effectiveness of your credit union's policies and procedures.

We feel that Ideal Credit Union is an exceptionally well operated and managed financial institution. We look forward to continued growth and success.



Rick Osborn
Rick Osborn,
Chair

Erin Petschel
Erin Petschel

Sara Racine
Sara Racine

CHAIRMAN'S REPORT

At Ideal Credit Union, our Purpose Statement reads: *Every day we are dedicated to our members and their financial goals.*

With the Purpose Statement as a backdrop, as a member owner, it's important to note that your board is focused on planning for and creating a strong future at Ideal Credit Union. The goal of the Board is to provide management oversight and ensure they focus on continuing to meet the needs of our member owners by providing personalized member experiences, knowledgeable staff, enhanced product offerings and meaningful contributions to the community.

As your board leadership, we're responsible for ensuring the finances of the credit union are managed properly. We monitor and approve the budget and provide oversight for all of Ideal Credit Union's policies and practices. We're pleased to share Ideal Credit Union's overall financial position is strong due to thoughtful leadership and the commitment of our members. Ideal Credit Union's regulatory net worth is 10.41% which is well above the 7% regulators define as well-capitalized.

All of the board, staff and membership share our deep appreciation and gratitude towards retiring board member, Keith Hauge. For more than 40 years, Keith has provided volunteer leadership on the Ideal Credit Union Board of Directors. Throughout his time on the board, Keith has actively advocated for the credit union movement and the member experience at Ideal Credit Union. In honor of Keith's contributions, he was recently recognized by the Minnesota Credit Union Network as a Credit Union Builder. Keith is retiring from the Ideal board, but will support board members in an ex-officio capacity. We wish Keith all the best as he enjoys retirement and more time on the lake with his family.

Achieving our purpose and serving members takes leadership and we invite our members to consider serving on the Ideal Credit Union Board of Directors. Members are encouraged to nominate themselves for consideration. All Board candidates are reviewed by the Nominating Committee and the Board slate is announced during the annual meeting each year. To learn more about serving on the board go to idealcu.com or reach out to a board member.

Peter Olsen

Peter Olsen, *Chairman of the Board*

A MESSAGE FROM OUR PRESIDENT & CEO

The Ideal Credit Union advantage is stronger than ever today because of our commitment to the people serving people philosophy. Every day members choose Ideal Credit Union because of our shared goal to improve lives through personalized services, competitive rates and more affordable products. In 2022, Ideal delivered on our mission to create opportunities for our members and credit union to thrive together.

In 2022, Ideal Credit Union's Net Loan Portfolio totaled \$825,284,667. We drove year over year growth from \$67,844,627 in 2021 to \$70,844,176 This represents net loan portfolio growth of 9.39%. Ideal's Business services also grew over 27% serving more small businesses in the community.

Altogether, with our committed members, Ideal Credit Union grew to a record total assets of \$988 million. Our steady growth is captured annually, in 2020 growing to \$858 million and in 2021 growing to \$932 million. We expect to grow and sustain a position of \$1 billion in assets in 2023. Reaching this growth milestone allows us to continue to develop robust services, provide competitive rates, and cultivate the Ideal Life member experience as one of the top ten credit unions in Minnesota.

Innovative Products and Services

Ideal is proud to offer our member owners innovative products and services. Below is a listing of several products and services making significant impact:

- **Ideal Advantage Program** In 2023, Ideal launched a new member incentive program designed to reward members for product/service usage. Ideal is proud to have offered the now-retired VIP+ program that rewarded members more than \$5 million in payouts over the past 9 years. The goal of the new Ideal Advantage program is to extend the opportunity to earn cash rewards to more members, including the future of Ideal - our members age 13-17.
- **Ideal Wealth Advisors** continues to be a meaningful member benefit by successfully engaging members with retirement, insurance, and investment services.
- Business Banking has continued its focus on providing value for small to mid-sized business owners with innovative products in lending and deposits. Business Banking has seen steady growth of 20% over the past three years.
- **Innovative Renofi Home Equity Program** Ideal Credit Union and Renofi partnered to launch a new Home Equity Line of Credit allowing homeowners to borrow based on their home's after renovation value without refinancing.
- **Zelle Person to Person (P2P) Payments** Ideal members conducting over 1,400+ P2P Zelle interactions in 2022. Zelle allows members to send and receive money securely and seamlessly to and from anyone through the Ideal Credit Union digital banking app.
- **Mobile Check Deposits (MCD)** continue to offer our members an easy, secure, and convenient deposit option through the digital banking app. On average, Ideal members deposit 7,500 checks per month using MCD.
- **Bill Matrix** introduced in 2022, Bill Matrix provides members with the convenience of tracking and making loan payments easy by automating bill pay monthly

Ideal Awards and Recognition

Ideal Credit Union is proud that our focus on providing the best personalized member experience continues to earn high marks and industry recognition.

- **Forbes Best in State Credit Union Ideal** ranked in the top 5 credit unions in Minnesota based on survey results.
- **Google Review** Ideal's six branches all rank positively with four-star reviews or higher.
- **Service Center** focus on customer experience and seamless interactions with members.
- **Super Mortgage Professionals** 2022 Twin Cities Business Magazine rankings recognize Ideal mortgage service delivery

Community Engagement

The Ideal Credit Union Community Foundation donated over \$11,700 to local causes. Our employee driven Casual for a Cause donations averaged \$1,875 a quarter, where donations were awarded to groups chosen by employees. Ideal's annual Community Appreciation event awarded six donations to local charities, twelve \$500 grand prizes, six \$250 grand prizes, and twelve \$50 Bucky Bear youth prizes to members.

Ideal Credit Union's commitment to community was recognized with a 2022 Minnesota Dora Maxwell Award for the Ideal Credit Union Feeding Our Communities initiative. The award is given annually to credit unions for outstanding service to the community by the Minnesota Credit Union Network. Ideal's work centered on volunteer outreach and localized emergency food and basic needs support in communities experiencing record demand. Ideal Credit Union was also recognized with a national Dora Maxwell honorable mention by the Credit Union National Association (CUNA).

Thank you to the board for your leadership, volunteerism and support. In addition, I am thankful for our members for their continued commitment and choosing Ideal Credit Union. Also, our hard working employees for their dedication and hard work through the pandemic.

Together we're living the Ideal Life.

Brian G. Sherrick

Brian G. Sherrick, *President & CEO*

CREDIT MANAGER'S REPORT

Meeting Our Members' Borrowing Needs

In 2022 your credit union originated 7,581 loans for over \$306 million in new loans to its members. This strong origination volume led to 9.39% in total loan growth for the year. The credit union remains committed to meeting the borrowing needs of our members.

Your credit union continues to have a very robust mortgage program to assist members in meeting their home ownership goals. In addition to the new loans we originated, we have also grown our mortgage servicing portfolio to more than \$160 million. The credit union has also seen strong growth in our business lending portfolio as well. Supporting small businesses in our area is a key part of our mission in helping our members achieve their financial goals. Your credit union always works to provide a fair and responsible lending program. However, if a member believes that his or her application was unfairly denied, that person is advised to have the application reviewed by the Credit Manager. If a member is still dissatisfied, he or she can submit a written request to the Board of Directors for further review.

Ideal continued to show consistent growth with strong loan quality in 2022. We finished the year with a loan-to-share ratio of 97.70%, which demonstrates our commitment to lend out our deposits to serve our members and our communities.

Rick Blood

Rick Blood, *Credit Manager*