



Mutual<sup>1st</sup>  
Federal

# 2022

## ANNUAL REPORT

*"We cannot seek achievement for ourselves and forget about the progress and prosperity for our community...Our ambitions must be broad enough to include the aspirations and needs of others, for their sakes and for our own."*

*Cesar Chavez*

# 2022 ANNUAL REPORT

PREPARED BY *Jill Stewart*

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# Purpose

We believe everyone deserves a financial partner they can count on.

# Mission

Everyone will have financial freedom and the ability to pay it forward.

# Vision

To equip members with resources that engage, educate, and simplify banking so they can focus on what matters.



*Lowell Wilhite*



*Michael Kosalka*



*Sherri Griggs*



*Doug Niens*



*Michael Pflueger*



*Rachael Peterson*



*Carma Gunter*

“  
*Alone, we can do so little;  
together, we can do so much.*

Helen Keller

”



*Kevin Straub*  
PRESIDENT AND CEO



*Lowell Wilhite*  
BOARD CHAIRMAN

## *A Message to our Members*

In 1949, our founders started the credit union with a well-defined pursuit, to **PARTNER** with individuals and communities on their **JOURNEY** to financial **WELL-BEING**. Today, that pursuit is held steadfast in your credit union's Vision, Mission, and Purpose. It comes forward when we earn the opportunity to serve you. **YOU MATTER.**

**With us, you'll always be** *1<sup>st</sup>*

A significant focus, this year, has been helping members weather economic uncertainty. Inflation applied pressure on the families, businesses, and organizations we serve. The average inflation rate in 2022 was 8.0% (source: Consumer Price Index). That is materially higher than the 1.88% average inflation rate over the previous ten years (2012-2021).

Who would have anticipated that the average price for a dozen eggs would rise to \$4.25 by year-end (December 2022)? A year earlier the average price was \$1.78 (December 2021), according to Federal Reserve Economic Data from the St Louis Fed.

In efforts to reduce inflation, the Federal Reserve took an aggressive stance and raised the Fed Funds interest rate seven times over the course of the year. By year-end, the accumulative rate hike was 4.25%.

So, with a backdrop of rising costs and escalating interest rates (borrowing) our focus was on member's financial resilience. The stories our members shared made it personal, their financial goals became a shared priority.

Recently one of our members (a couple) was able to reduce their monthly payments by over \$600, through a consolidation loan. That difference provided them with peace of mind in these economic times. For our team, it's all about **PARTNERING** with members on their **JOURNEY** to financial **WELL-BEING**.

***Our vision - to equip members with resources that engage, educate, and simplify banking so you can **focus on what matters.*****

In 2022, the team delivered on a promise to equip members with a free resource that provides access to their credit score, utilizing our online or mobile banking solution. However, we didn't stop there - our interactive tool and dashboard also allows members to run "what if" scenarios and monitor their credit.

It has been encouraging to see our member's adoption of this resource. The impact has been meaningful based on stories members have shared, specific to raising their credit score. That has created opportunities to qualify for better loan rates, which reduces payments and interest expense. **THIS MATTERS.**

The team also made an investment in a financial education platform that we call *The Mutual 1st Academy*, which was released with the new website. This resource provides members with education and insight through interactive tutorials. The modules focus on milestone moments (i.e., planning for retirement, buying a house, etc.), tools (i.e., creating a budget), and tips (family conversations about money). We invite you to check them out.

This January we opened our newest branch office at Antler View (see cover), which is located at 183rd and West Maple Road. This office provides an opportunity to **BETTER SERVE** a market where a number our members live (surrounding zip codes) and to grow our member base. If you were unable to attend one of our recent events at the branch, we invite you to come out and visit, the team would welcome an opportunity to see you.



With the opening of Antler View we stepped forward to upgrade our technology and introduced Interactive Teller Machines (ITM's) into service. The solution provides members with a secure experience and the opportunity to have individual conversations and assistance while transacting deposits, deposits with cash back, withdrawals, loan payments, transfers between accounts, etc. With an ITM you can even receive an email receipt, if you choose, to assist with your record keeping. We invite you to check out the website to view an informational video.



The above projects and initiatives are an illustration of some of the accomplishments of 2022. These efforts and others would not have been possible without the partnership and alignment of the team and the volunteers who serve on the Board and Committees. We are forever grateful for their dedication and commitment. They continue to work hard to add value to our members and have proven again to have incredible resilience and perseverance to take on change.

We invite you to review the financial performance details in this report and the CFO's related comments.

As we look to the future, we do so with excitement and a passion to continue to help our members work toward their financial goals. We know that when our members are doing well financially, our community is doing well too. Thank you for trusting us as your local financial institution. We love serving the community we call home.

*Kevin & Lowell*

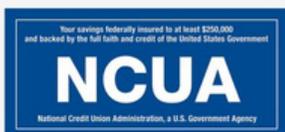
*Scott Stevens***VICE PRESIDENT & CFO**

2022 was a great year of opportunity for the credit union, as we saw the Federal Reserve increase the Fed Funds Rate dramatically multiple times during the second half of the year. As members work through these inflationary adjustments, they were unable to save as in past years with food, housing and energy costs rising at a quick pace. These increased household expenses meant member's savings decreased for the year by \$780 thousand or .76%, ending the year at \$101.6 million.

During the summer and fall months, we experienced tremendous loan growth. Even as rates started to rise, Mutual 1st lagged in increasing our rates. Members took advantage by purchasing new and used autos and utilizing the equity in their homes.

As a result, the credit union produced \$57.9 million in loans. This contributed to the overall loan portfolio growth of \$19.8 million or 24%, ending the year at \$102.2 million.

Net income for the year was a healthy \$422,000. These results finished at a steady .34% return on assets (ROA) and exceeded the annual budget by 122%. Mutual 1st's net worth ratio continued to be strong at 7.98% down .38% from the prior year, remaining above NCUA's well-capitalized standard of 7.00%. This decline was due the large growth in our assets.

*Scott*

# STATEMENTS OF FINANCIAL CONDITION

Assets	2022	2021
Cash and Cash Equivalents	\$674,635	\$9,024,117
Investments	\$13,123,123	\$18,693,129
Loans Receivable, net of allowance for loan losses	\$100,989,904	\$81,457,731
Fixed Assets, at cost, less accumulated depreciation	\$8,561,605	\$5,278,506
Other Assets	\$4,513,347	\$4,604,704
<b>Total Assets</b>	<b>\$127,862,614</b>	<b>\$119,058,187</b>

Liabilities and Retained Earnings	2022	2021
Savings Accounts	\$101,597,793	\$102,377,528
Borrowed Funds	\$15,186,100	\$5,500,00
Other Liabilities	\$1,730,999	\$1,467,679
<b>Total Liabilities</b>	<b>\$118,514,893</b>	<b>\$109,345,207</b>
<b>Retained Earnings</b>	<b>\$10,205,932</b>	<b>\$9,783,942</b>
<b>Net unrealized holding gain/(loss) on investments available for sale</b>	<b>(\$858,211)</b>	<b>(\$70,963)</b>
<b>Net Retained Earnings</b>	<b>\$9,347,721</b>	<b>\$9,712,980</b>
<b>Total Liabilities and Retained Earnings</b>	<b>\$127,862,614</b>	<b>\$119,058,187</b>

These preliminary numbers are subject to change based on the completion of the Petersen & Associates audit.

## STATEMENTS OF INCOME

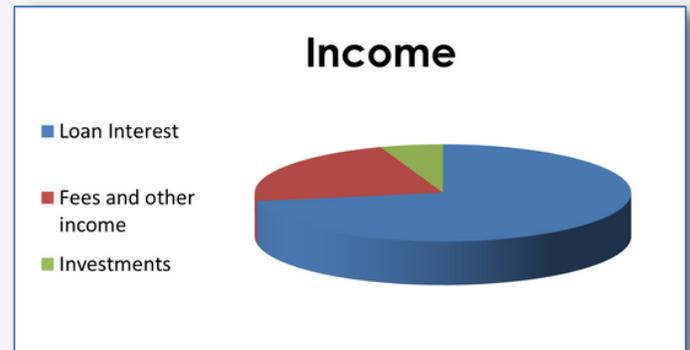
Interest Income	2022	2021
Loans	\$4,792,537	\$4,511,888
Investments	\$357,642	\$281,546
<b>Total Interest Income</b>	<b>\$5,150,179</b>	<b>\$4,793,434</b>

Interest Expense	2022	2021
Member Savings	\$472,431	\$545,444
Borrowed Funds	\$207,581	\$80,191
<b>Total Interest Expense</b>	<b>\$680,012</b>	<b>\$625,635</b>
<b>Net Interest Income</b>	<b>\$4,470,167</b>	<b>\$4,167,800</b>
<b>Provision for Loan Losses*</b>	<b>\$670,000</b>	<b>\$575,000</b>
Net Interest Income after Provision for Loan Losses	\$3,800,167	\$3,592,800
Other Operating Income	\$1,480,431	\$1,375,358
Other Operating Expenses	\$4,907,339	\$4,584,918
Net Income from Operations	\$373,259	\$383,240
Non-Operating Income	\$48,731	\$26,993
<b>Net Income</b>	<b>\$421,990</b>	<b>\$410,233</b>

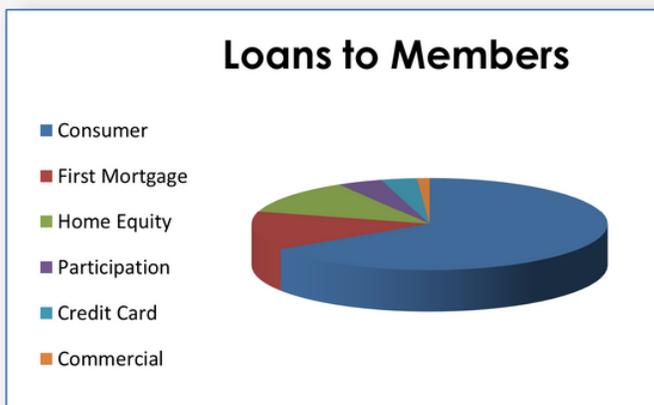
\*Net Charge-offs: \$534,758

## Operating Income

Loan Interest	\$4,792,537.08	72.279%
Fees and Other Income	\$1,480,430.90	22.327%
Investments	\$357,642.29	5.394%
<b>Total Gross Income</b>	<b>\$6,630,610.27</b>	<b>100%</b>



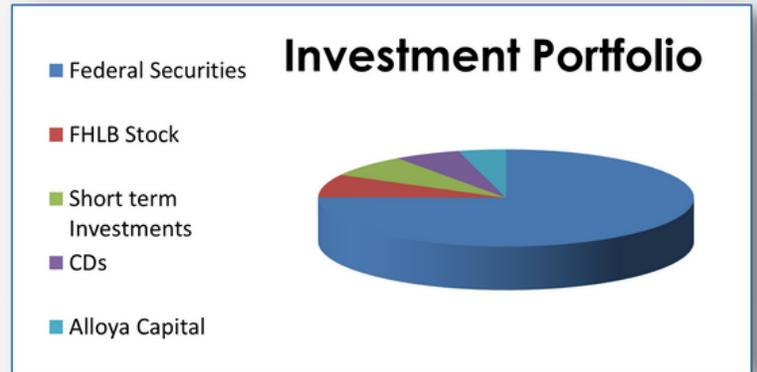
## Loans to Members



Consumer	\$67,166,935.57	66.725%
First Mortgage	\$13,846,627.00	13.549%
Home Equity	12,463,484.62	12.196%
Participation	\$4,216,535.99	4.126%
Credit Card	\$3,325,127.68	3.254%
Commercial	\$1,175,405.10	1.150%
<b>Total</b>	<b>\$102,194,115.96</b>	<b>100%</b>

## Investment Portfolio

Federal Securities	\$9,861,198.93	75.14%
FHLB Stock	\$1,011,300.00	7.71%
Short-Term Investments	\$963,307.53	7.34%
CDs	\$750,000.00	5.72%
Alloya Capital	\$537,316.13	4.09%
<b>Total</b>	<b>\$13,123,122.59</b>	<b>100%</b>



## Total Funds on Deposit



Regular Savings	\$31,496,256.36	31.001%
Checking	\$28,498,052.21	28.050%
Certificates	\$13,066,010.93	12.861%
Money Market	\$11,038,691.58	10.865%
Commercial	\$10,406,404.44	10.243%
IRAs	\$3,290,371.59	3.239%
Clubs & Other	\$3,802,006.32	3.742%
<b>Total</b>	<b>\$101,597,793.43</b>	<b>100%</b>



*Chris Downey*

**SUPERVISORY COMMITTEE CHAIRMAN**

Your supervisory committee is committed to protecting our membership and their interests by providing oversight of the operations and policies of Mutual 1st FCU, as well as its Board of Directors.

The volunteers who serve on this committee have various backgrounds and areas of expertise and use them as they actively participate in our monthly meetings. We carefully review all of the examination reports of the Credit Union.

Some examples are: quarterly reviews and the annual audit completed by Petersen & Associates (an independent audit firm); any examination by the National Credit Union Association (NCUA); IT audits; and other regulatory oversight reports. We also complete several other reviews that are considered best practices for Supervisory Committees.

In addition, one of our members attends every Board meeting throughout the year. I'm pleased to report that the Credit Union received a clean audit opinion for the last several years and that your credit union is well managed and financially stable.

We appreciate the opportunity to serve the membership of Mutual 1st Federal Credit Union.

*Chris*

In 2022, we donated just over \$9,900 to four charities: **Big Brothers Big Sisters of the Midlands**, **Nebraska Humane Society**, **ALS of the Heartland**, and **Child Saving Institute**. We are honored to support the missions of these charities. Each of these organizations does essential work, and it was our honor to help them continue to provide services to our community. The Community Involvement Team strives to find fun and unique ways to support our charities and engage our staff and membership.

### Drives

We held clothing drives benefitting Big Brothers Big Sisters, supply drives for the Nebraska Humane Society, and the Substitute Santa gift drive for Child Saving Institute!

### Getting Out

We represented Mutual 1st at both the ALS Walk and the ALS Golf Tournament. We participated in Bowl for Kids' Sake with Big Brothers Big Sisters, and we went to Nebraska Humane Society to make "pupsicles" for the dogs!





Our four charities in 2023 are: **Open Door Mission**, **The Hope Center for Kids**, **Nebraska Humane Society**, and **Dreamweaver Foundation**. We have a lot of fundraising opportunities planned for the year, so stay tuned to see how you can get involved!

“  
*The future of every community lies in capturing the passion, imagination, and resources of its people.*  
 Ernesto Smith  
 ”

**Community Involvement Team 2022**  
 Amy Fauth, Aaron Byars, Krysta McAllister,  
 Michelle Yeaman, and Jill Stewart

**Community Involvement Team 2023**  
 Amy Fauth, Michelle Yeaman, Denise Taylor,  
 George Tselentis, and Bella Bevilacqua



In May of 2022, our Resolutions Specialist Les Anthony passed away. Les had been with the credit union for almost 8 years, and was truly a valuable addition to our team. He excelled at forming relationships with our members and was dedicated to help every single one. We remember Les as the first person to cheer on an achievement, lover of a good “dad” joke, and for his amazing style. Conversations with Les were never boring, and it seemed like he was always in a good mood. We will always miss his presence at the credit union.