

91st Annual Meeting

WEA Credit Union

May 25, 2022



**WEA Credit Union  
91st Annual Meeting  
May 25, 2022  
6:00 PM**

- |                                   |                          |
|-----------------------------------|--------------------------|
| 1. Meeting called to order        | Russell Allen, Chairman  |
| 2. Report of Quorum               | Kathryn Nauta, Secretary |
| 3. Introduction of Directors      |                          |
| 4. Minutes of 2021 Annual Meeting | Kathryn Nauta, Secretary |
| 5. Reports                        |                          |
| a. Chairman's Report              | Russell Allen            |
| b. President's Report             | Mark Schrimpf            |
| c. Treasurer's Report             | Douglas Fritsch          |
| d. Audit Report                   | Audit ThreeSixty         |
| e. Loan Officers Report           | Mark Schrimpf            |
| f. Election Results               | Nominating Committee     |
| 6. Old Business                   |                          |
| 7. New Business                   |                          |
| a. Arbitration Agreement Clause   |                          |
| 8. Adjournment                    |                          |

**WEA Credit Union**  
**90<sup>th</sup> Annual Meeting Minutes**  
**May 26, 2021**

1. The duly held 90th Meeting called to order by Chairman Russell Allen at 6:02 PM.
2. Secretary Nauta announced that 18 members eligible to vote were now present.
3. Chairman Allen introduced the directors from the past year:
  - Russ Allen – Chairman
  - Terrance Craney – Vice Chairman
  - Doug Fritsch – Treasurer
  - Kathryn Nauta – Secretary
  - Joanne Fitzgerald – Director
  - Ross Hampton – Director
  - Mike Stoll – Director
4. Minutes for the 2020 Annual Meeting were distributed electronically. Motion to accept minutes by Doug Fritsch, second by Mark Schrimpf, carried.
5. The following reports were distributed electronically:
  - a. Chairman's Report
  - b. President's Report
  - c. Treasurer's Report
  - d. Audit Report - Motion to accept the audit report by Mike Stoll, second by Joanne Fitzgerald, carried.
  - e. Loan Officers Report
  - f. Election Results – Joanne Fitzgerald and Mike Stoll ran unopposed and were elected by acclamation. Approved by Ross Hampton, second by Mark Schrimpf, carried.
6. Old Business – There was no old business to discuss.
7. New Business – No new business.
8. Motion to adjourn by Dale Besler, second by Joanne Fitzgerald, carried. The time was 6:16 PM.

## Chairman's Report Russell Allen

### Report of the Board Chair

**Our volunteer board of directors meets monthly.** Our meetings deal with a number of topics, including regulatory changes, policies and procedures, financial performance, and the general health and direction of the credit union. With one exception all meetings over the past year have been via telephone.

**Specific information (data)** about the status of the credit union are shared with board members at each meeting. These indicators serve as the basis for discussions and decisions by the board. If you wish for more information regarding the monthly board reports, you should address them to Mark Schrimpf, Credit Union President, when he makes some comments about the past year.

**Overall Credit Union Performance:** As was true in 2020, the WEA Credit Union continues to confront the same problems that affect credit unions across the country. Specifically, our members as a group have been depositing money, while borrowing less for mortgages, personal loans, or home improvement loans. Automobile loans, however, remain strong.

**Return on Investments:** Mark invests a significant part of credit union deposits in certificates of deposit at banks and credit unions throughout the country (usually in amounts of \$250,000 each). On the plus side, the increases in interest rates by the Federal Reserve will make it possible for the credit union to earn higher rates of return during the second half of this year and next. A year ago interest rates on CDs were a small fraction of one percent for a one-year CD. Currently, interest rates for one-year certificate of deposit are averaging slightly more and could go higher. As you know, higher interest rates can have a significant negative effect on borrowing. Keep in mind that these comments regarding returns on investment and loans to credit union members are subject to what happens to the U.S economy over the next year or so. There is uncertainty,

**Loans to Members:** Loans outstanding amount to about 19 million dollars; it is hoped that this figure will increase significantly over the remainder of 2022 and next year.

**Delinquency Rates:** As has been true for years, delinquency rates for your credit union remain very low; few of those who have taken out loans from the WEA Credit Union have had difficulty repaying them.

**Membership:** At the end of April, 2022 there were **2765** members. Membership has held steady for many years—falling between 2,700 and 2,800.

**External Audits:** Each year the WEA Credit Union is audited. This past year Peter Rasmussen, of Audit ThreeSixty, performed the annual supervisory audit on the credit union. Another audit was by the Mid-Atlantic Clearing House Association (Macha). Each of these audits were favorable, although there are recommendations for minor changes for data collection and reporting.

## **2021 President's Report**

*Mark Schrimpf, President*

Your credit union ended 2021 with assets of \$36.4 million, deposits of \$32.6 million, and loans of \$18.3 million. The net capital ratio, an important measure of a credit union's strength, ended the year at 10.2%. All deposits at WEA Credit Union are insured by the NCUA to at least \$250,000.

The credit union delinquency was well controlled, ending the year at .26% of total loans. The credit union was holding no foreclosed properties at year end. During 2021, loan staff made 1,214 loans for more than \$9 million, including advances on Line of Credit loans.

During 2021, the credit union opened 145 new member accounts. Increased utilization of online and mobile apps gave our membership easy access to the products and services they demanded.

Interest income continued to decline over the past year due to the low interest rate environment. At the same time, many of our expenses such as rent, salaries, telephone, postage, maintenance, and supplies, are fixed. With lower income and stable or rising expenses, net income was squeezed lower. Our continued focus will be to mitigate this decreased income and reduce expenses where we can, and continue to provide cutting edge services to our membership.

I would like to thank the volunteer board of directors, committee members, and staff for another great year of service. Without your guidance, help, and commitment the credit union could not operate.

In conclusion, even though we expect rainy economic forecasts in the future, we will diligently strive to continue building our membership base, safely make as many loans as possible, and continue to offer innovative and affordable solutions.

## Statement of Financial Condition December 31, 2021 and 2020

<b>Assets</b>	<b>2021</b>	<b>2020</b>
Loans	18,355,481	17,895,416
Allowance For Loan Loss	(90,752)	(115,566)
Cash	71,389	781,369
Investments	17,582,383	13,510,669
Prepaid Expenses	177,560	108,102
Furniture & Equipment	38,026	46,912
Accrued Income	44,958	43,536
Other Assets	297,924	259,604
<b>Total Assets</b>	<b>36,476,969</b>	<b>32,530,042</b>
<b>Liabilities &amp; Equity</b>		
Notes Payable	0	0
Accounts Payable	65,846	70,155
<b>Total Liabilities</b>	<b>65,846</b>	<b>70,155</b>
Share Accounts	9,496,562	7,892,554
Checking Accounts	19,202,572	16,148,045
Share Certificates	2,457,734	2,829,233
IRA Accounts	1,534,320	1,872,307
<b>Total Member Deposits</b>	<b>32,691,188</b>	<b>28,742,139</b>
Regular Reserve	600,000	600,000
Undivided Earnings	3,119,936	3,117,750
Unrealized Gain on Investments	(1)	(2)
<b>Total Reserves</b>	<b>3,719,935</b>	<b>3,717,748</b>
<b>Total Liabilities &amp; Equity</b>	<b>36,476,969</b>	<b>32,530,042</b>

## Statement of Income & Expense December 31, 2020 and 2019

<b>Income</b>	<b>2021</b>	<b>2020</b>
Loan Income	712,019	783,750
Investment Income	156,838	192,009
Fee Income	36,846	39,284
Other Income	101,219	98,263
<b>Total Income</b>	<b>1,006,922</b>	<b>1,113,306</b>

<b>Expense</b>		
Salaries & Benefits	411,126	377,009
Office Operations	161,287	172,456
Rent	32,757	33,564
Loan Servicing Fees	100,812	93,170
Professional Fees	115,642	115,268
Education & Promotion	71,195	69,973
Chapter & League Dues	22,063	21,217
Provision for Loan Loss	21,750	64,850
Interest on Borrowed Money		
Member Insurance & Misc	2,700	1,453
Non-Operating Expense	(10)	(80)
<b>Total Expense</b>	<b>939,322</b>	<b>948,880</b>

<b>Income</b>	<b>67,600</b>	<b>164,426</b>
(Gain)/Loss on Sale of Assets	4,375	

### **Distribution of Net Income**

Member Dividends	61,039	82,154
Regular Reserve Transfer		
Undivided Earnings Transfer	2,186	82,272
<b>Total Distribution</b>	<b>63,225</b>	<b>164,426</b>



June 23, 2021

WEA Credit Union  
Madison, Wisconsin

Dear Credit Union Members,

I completed an agreed-upon procedures supervisory committee audit engagement for WEA Credit Union as of May 31, 2021.

The guidelines for the procedures used for this engagement are set forth by the Office of Credit Unions and NCUA. The engagement included procedures such as the following:

- Verification and reconciliation of cash accounts
- Verification and reconciliation of all investments
- Reading a sample of loan files to determine if loans are properly documented
- Reconciliation of loan subsidiary ledgers to the general ledger
- Reconciliation of deposit account subsidiary ledgers to the general ledger
- verification of share and loan accounts directly with credit union members

I would like to thank all members for cooperating with the verification of member accounts as this is an important procedure.

The results of this agreed upon procedures engagement, including my comments and recommendations, are included in a report provided to the Board of Directors which is on file at the Credit Union.

I appreciate the opportunity to provide this service to your credit union.

Sincerely,

***Peter Rasmussen, CIA, CFSA, CAMS***

Peter Rasmussen

*Certified Internal Auditor  
Certified Financial Services Auditor  
Certified Anti-Money Laundering Specialist*

**AUDIT THREESIXTY**

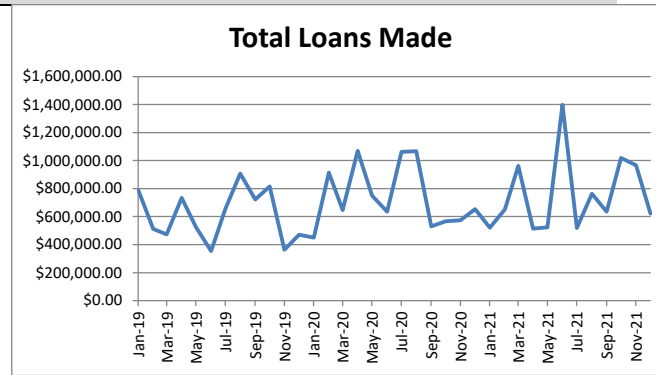
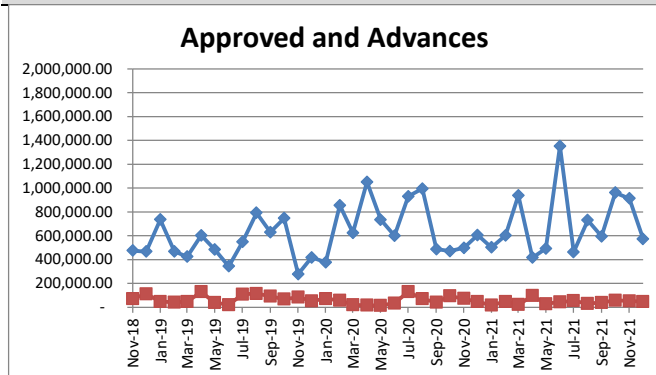
PETER RASMUSSEN  
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WEA Credit Union  
Loan Officers Report  
December 31, 2021

	Approved		Advances		Total		Denied	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
January	19	\$502,632.60	65	\$18,280.72	84	\$520,913.32	2	\$21,500.00
February	20	\$602,919.02	66	\$47,427.54	86	\$650,346.56	2	\$51,000.00
March	22	\$939,095.32	63	\$22,730.19	85	\$961,825.51	2	\$36,000.00
April	23	\$417,231.99	78	\$97,097.02	101	\$514,329.01	6	\$31,714.50
May	19	\$494,349.62	59	\$28,218.27	78	\$522,567.89	2	\$8,250.00
June	35	\$1,352,847.86	69	\$44,874.78	104	\$1,397,722.64	2	\$36,500.00
July	29	\$463,671.82	92	\$54,164.39	121	\$517,836.21	3	\$58,280.00
August	32	\$730,687.93	76	\$31,875.09	108	\$762,563.02	3	\$144,500.00
September	25	\$595,836.50	81	\$39,577.60	106	\$635,414.10	0	\$0.00
October	21	\$961,700.17	97	\$57,896.82	118	\$1,019,596.99	4	\$92,250.00
November	28	\$913,769.06	86	\$53,115.54	114	\$966,884.60	4	\$36,800.00
December	22	\$573,498.92	87	\$48,338.32	109	\$621,837.24	5	\$51,000.00
<b>YTD</b>	<b>295</b>	<b>\$8,548,240.81</b>	<b>919</b>	<b>\$543,596.28</b>	<b>1214</b>	<b>\$9,091,837.09</b>	<b>35</b>	<b>\$567,794.50</b>

	Approved	App Amount	Advances	Adv Amount	Total	Total Amount	Denied	Denied Amount
<b>2020 YTD</b>	<b>309</b>	<b>8,239,203</b>	<b>1011</b>	<b>675,597</b>	<b>1320</b>	<b>8,914,530</b>	<b>46</b>	<b>646,303</b>
<b>2019 YTD</b>	<b>336</b>	<b>6,476,724</b>	<b>1231</b>	<b>854,128</b>	<b>1567</b>	<b>7,320,852</b>	<b>42</b>	<b>582,767</b>
<b>2018 YTD</b>	<b>357</b>	<b>7,230,376</b>	<b>1454</b>	<b>1,116,003</b>	<b>1811</b>	<b>8,346,679</b>	<b>42</b>	<b>623,200</b>



## Arbitration Agreement Clause

In recent years, the credit union industry has seen class action lawsuits brought against several credit unions for a variety of reasons. Credit Unions must defend themselves at great cost against these suits.

Using an Account Agreement which includes an arbitration agreement clause would require a member to settle matters through arbitration rather than a class action suit. This preserves the rights of the individual member while protecting the credit union from large and lengthy legal proceedings.

Should the credit union board consider the use of an account agreement with an arbitration clause?