

2024 Annual Meeting



**WEST MICHIGAN
CREDIT UNION**

WEST MICHIGAN CREDIT UNION

68th ANNUAL MEMBERSHIP MEETING

MARCH 19, 2024

VIRTUAL - GRAND RAPIDS

5:30 P.M.

I. Call to Order - Chairman

II. Roll Call - Chairman

III. Establishment of Quorum - Secretary

**IV. Minutes of Annual Meeting held on
March 21, 2023 - Secretary**

V. Reports

1. Directors

2. CEO Comments - William Keim, President/CEO

3. Financials - Thomas Kuzdzal, CFO

4. Lending - Jared Naber, VP of Lending

5. Member Questions - Jeanene Smith, COO

VI. Old Business - Chariman

VII. New Business - Chairman

VIII. Elections - Nominating Committee

IX. Adjournment - Chairman

WEST MICHIGAN CREDIT UNION
67th ANNUAL MEETING
March 21, 2023
Grand Rapids, Michigan (remote)

The meeting was called to order at 5:30 PM

Welcome - Roll Call

A Call to Order was made by Chairman B. Nevins. He welcomed all in attendance to our 67th Annual Membership Meeting. B. Nevins began with the introduction of the Board of Directors. Via remote caption were: M. Baker, Board Secretary; B. Nevins, Board Chairman; D. Titus, Board Treasurer; M. Ropele, Board Vice-Chairman; S. Harry, S. Collins, J. Couture, C. Kwant, S. Kenyon, and Board Advisor, D. Vander Woude.

Board Member Excused

D. Husted, Board Emeritus

Establishment of Quorum

The Chairman asked the Secretary, M. Baker, if a quorum was present. M. Baker reported twenty-one (21) members are present qualifying as a quorum.

Minutes of Annual Meeting Held March 15, 2022

Prior to the reading of the minutes, M. Baker made a Motion to suspend the reading of the minutes as copies of the minutes were forwarded via email to the registered participants prior to today's meeting. Seconded by M. Ropele. Carried 100%.

Reports

(1) **Directors Report:** The Director's comments were presented by B. Nevins, Board Chairman:

B. Nevins indicated that he was pleased to report that West Michigan Credit Union had another outstanding year! Some of our achievements include:

- Assisting our members refinance their loans with us which resulted in member savings over \$1M.
- Donating both staff time and money to local charities, some of those include:
 - Sponsoring the Helen DeVos Childrens Hospital Radiothon and helping raise over \$550,000 for patients and families.
 - Contributing to Big Rapids, Reed City, Cadillac, and Manistee public schools.
 - As well as making contributions to various local food banks, charities, and animal shelters.

On behalf of the Board of Directors of WMCU, he thanked all team members for exing the credit union philosophy of "People helping People". We believe in doing the right things for the right reasons and living out our mission every day to help make our "Members' Financial Lives Be Simply Better".

He provided an overview of the Board's responsibility and acknowledged that we have three (3) Board incumbents who are running for re-election.

(2) **President/CEO Report:** The President/CEO Report comments were presented by W. Keim:

W. Keim acknowledged the members of the Board and extended his appreciation to their continued dedication. He identified the members of Management: T. Kuzdzal, CFO; J. Smith, COO; R. Wawrzyniak, Project Manager; B. Vachon, Human Resource Manager; J. Naber, VP of Lending; and C. Patterson, VP/Compliance Officer.

W. Keim indicated that he wanted to address what is on everyone's mind and in the news recently, that being the collapse of Silicon Valley Bank and Signature Bank. The collapse of the \$212 billion Silion Valley Bank is the second-largest failure of a financial institution in U.S. history. He indicated that Silion Valley Bank and Signature Bank had profiles that were very unique, and not just for the huge number of uninsured deposits, but also the focus on unique assets and their liabilities. Silicon Valley Bank's liabilities were largely venture and startup tech businesses. He explained depositors withdrew \$42 billion in one day and the Bank did not have liquidity measures in place to accommodate the volume. He noted that, Gregory Becker, President/CEO of Silicon Valley Bank was also on the Board at the Federal Reserve Bank of San Francisco.

W. Keim indicated that Signature Bank was largely crypto-related. He noted a point of irony: among those on the Board of the failed Signature Bank was Barney Frank, the former Massachusetts congressman who championed the Dodd-Frank Act, which was passed in the wake of the financial crisis and designed to stop big bank failures.

He noted Silicon Valley Bank and Signature Bank's failure were related to bank mismanagement, regulator neglect and not a system fracture.

W. Keim wanted to assure its members, West Michigan Credit Union has a very conservative risk appetite. We are not involved in cryptocurrency, nor startup tech businesses. West Michigan Credit Union is a not-for-profit financial cooperative and our first priority is members' financial success and security. He informed that deposits are protected by the National Credit Union Share Insurance Fund and insured up to at least \$250,000 per individual depositor. He explained that West Michigan Credit Union is well capitalized, and we have a strong liquidity position. We have in place an investment ladder to meet loan demand and member withdrawals, making sure that we don't run into a liquidity problem. We have Doeren Mayhew CPA conduct an annual financial audit. We are examined by the state every 12-18 months, and we have McQueen Financial perform Liquidity Stress Testing every second and fourth quarter.

W. Keim indicated that we have some new products and services in process that we hope to bring shortly. MAP/MOP will allow prospective members to open a membership online without having to step foot in a branch. Our core processor, CU*Answers, is launching the 3.0 version of MAP/MOP which incorporates enhanced identification and authentication metrics. We are looking at different plastic card processors that have the ability to incorporate digital wallet enhancements with contactless features through Apple Pay, Google Pay and Samsung Pay. We understand that some of our members may be struggling under a debt load and are being exacerbated by high interest rates. We are launching a new Home Equity Line of Credit (HELOC) program allowing our members to use their home's equity to consolidate debts at a lower interest rate. We understand that youths are an essential component for future success. Therefore, we are working to modify our current Youth Accounts to better serve our younger members based upon needs associated with each age group.

W. Keim indicated that we completed our merger with Western Districts Members Credit Union (WDMCU) on April 1, 2022. The merger added sixteen (16) additional counties to our field of membership, 2,743 new members and a new branch located at 201 36th Street SE, Grand Rapids, MI. Further, he welcomed three (3) former WDMCUs board members who has now serve on our board, they are: (1) J. Couture, COO of RedRock Information Security LLC; (2) S. Collins, CU*Answers EVP, National Sales and Marketplace Relationships; and (3) S. Kenyon, retired Army Lieutenant Colonel.

W. Keim thanked employees for their ongoing commitment to our members and our values. I'd like to thank our Board of Directors for their leadership. And lastly, he thanked the members for making 2022 a very successful year.

(3) Treasurer's Report: The Treasurer's comments were presented by T. Kuzdzal, CFO:

He indicated that Doeren Mayhew remitted the final comprehensive annual audit (CAA) financial statements, with footnotes, in February 2023 to the Board of Directors. Doeren Mayhew expressed an unmodified opinion for the audit. He reviewed specific graphs as follows:

- Total assets increased to \$272,614,211 for 2022 versus \$233,420,342 in 2021. This is an increase of \$49.2M or 22.8% over 2021.
- Major line-item asset growth included a \$22,460,672 increase in loans for 2022 (17.1%).
- Member shared and savings increased in 2022 by \$41,234,293 (22.1%).
- The net worth ratio for 2022 was 16.6%. Minimal capitalization net worth ratio of 7% is required by NCUA/DIFS to be classified as "well capitalized".
- Return on assets ratio for 2022 was 1.20%.
- Total loan to share ratio for 2022 was 67.19%.
- Operating Expenses to Average Assets for 2022 was 3.28%.
- Delinquent Loans to Total Loans for 2022 was 0.48%.

He also reviewed a pie chart illustrating our savings portfolio mix as a percentage of total savings in 2022 versus 2021.

(4) **Lending Report:** The Lending Report comments were presented by J. Naber, VP of Lending:

J. Naber, reviewed the lending statistics of our Loan growth, and Loan Portfolio mix. He indicated 2022 was another good year for consumer lending growth. Our indirect Auto/RV program funded 786 indirect loans for a total of \$26.2M in 2022. Our mortgage department didn't see results like our record year in 2020, however, we did fund 42 in-house mortgage loans totaling 6.07M in 2022. Further, he reviewed a pie chart illustrating our loan portfolio mix as a percentage of Total Loans in 2022 versus 2021. He noted that our loan concentration is very similar year-over-year.

(5) **Year in Review:** The Year in Review comments were presented by J. Smith, COO:

J. Smith presented a slide highlighting various accomplishments.

- 68 dedicated team members.
- 2,176 instant issue cards printed.
- 116 dream homes made.
- 369 new adventures.
- 1,258 members on the road.
- 284,354 branch transactions.
- Members saved \$1,183,217.86.
- 19,780 loyal members.

She reviewed some fun facts related to our Mobile App indicating 5,044 members use the app. Members deposited 22,389 checks remotely totaling \$12,036,230.78. She explained that in 2022 we launched a financial literacy app called 'Zogo'. Since the launch, we have had 1,160 users complete 18,100 lessons and receive \$430.00 in rewards.

Old Business

W. Keim, President/CEO, asked if there was any old business. There was none.

New Business

W. Keim, President/CEO, asked if there was any old business. There was none.

Election - Nominating Committee

President/CEO, W. Keim stated there are three (3) incumbent Board Members running for re-election: S. Collins, S. Harry, and S. Kenyon. He indicated each term is for three (3) years. W. Keim stated that each incumbent is running unopposed. B. Nevins made a Motion that the membership vote to re-elect all three (3) incumbents to a three-year term. Seconded by M. Baker. Carried 100%.

Comments/Questions

W. Keim, President/CEO, asked if there were any comments/questions. There was none.

Adjournment

The meeting was adjourned at 6:09 PM


Brent Nevins, Board Chairman


Marlin Baker, Board Secretary



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management
West Michigan Credit Union and Subsidiary

Report on the Audits of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of West Michigan Credit Union and Subsidiary, which comprise the consolidated statements of financial condition as of December 31, 2023 and 2022, and the related consolidated statements of income, comprehensive income, members' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of West Michigan Credit Union and Subsidiary as of December 31, 2023 and 2022, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Consolidated Financial Statements section of our report. We are required to be independent of West Michigan Credit Union and Subsidiary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about West Michigan Credit Union and Subsidiary's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditor's Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of West Michigan Credit Union and Subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about West Michigan Credit Union and Subsidiary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Doeren Mayhew

Miami, Florida
February 21, 2024

WEST MICHIGAN CREDIT UNION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION DECEMBER 31, 2023 AND 2022

<u>Assets</u>	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 21,118,559	\$ 23,183,949
Interest bearing deposits	44,701,000	36,146,000
Investment securities (note 2):		
Available-for-sale	5,348,865	6,807,781
Held-to-maturity	30,925,351	38,945,717
Loans to members, net of allowance for credit losses (note 3)	133,514,850	150,207,900
Accrued interest receivable	790,894	739,641
Property and equipment (note 4)	4,101,076	4,006,876
Property held-for-sale	-	313,510
Core deposit intangible	1,018,910	1,142,414
Prepaid and other assets	10,247,118	8,833,848
National Credit Union Share Insurance Fund (NCUSIF) deposit	2,148,445	2,286,575
Total assets	<u>\$ 253,915,068</u>	<u>\$ 272,614,211</u>
 <u>Liabilities and Members' Equity</u>		
Liabilities:		
Members' shares and savings accounts (note 5)	\$ 205,771,536	\$ 227,294,452
Accounts payable and other accrued liabilities	1,973,814	1,976,335
Total liabilities	207,745,350	229,270,787
Commitments and contingent liabilities		
Members' equity:		
Regular reserve	-	3,227,479
Equity acquired in business combination (note 13)	6,400,674	6,400,674
Undivided earnings	40,173,787	34,259,486
Accumulated other comprehensive loss	(404,743)	(544,215)
Total members' equity	<u>46,169,718</u>	<u>43,343,424</u>
Total liabilities and members' equity	<u>\$ 253,915,068</u>	<u>\$ 272,614,211</u>

See accompanying notes to consolidated financial statements

WEST MICHIGAN CREDIT UNION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Interest income:		
Loans to members	\$ 6,618,017	\$ 6,056,772
Investment securities	<u>3,380,817</u>	<u>1,906,049</u>
Total interest income	9,998,834	7,962,821
Interest expense:		
Interest and dividends on members' shares and savings accounts	<u>880,241</u>	<u>460,777</u>
Net interest income	9,118,593	7,502,044
Provision for (recapture of) credit losses (note 3)	<u>928,172</u>	<u>(7,540)</u>
Net interest income after (recapture of) provision for loan losses	8,190,421	7,509,584
Non-interest income:		
Fees and other income	3,255,452	3,207,168
Bargain purchase gain	<u>-</u>	<u>1,079,812</u>
Total non-interest income	3,255,452	4,286,980
Non-interest expenses:		
Compensation and benefits	4,233,995	4,133,647
Office operating and occupancy costs	2,805,380	3,292,865
Professional and outside services	<u>1,275,596</u>	<u>1,301,100</u>
Total non-interest expenses	<u>8,314,971</u>	<u>8,727,612</u>
Net income	<u><u>\$ 3,130,902</u></u>	<u><u>\$ 3,068,952</u></u>

See accompanying notes to consolidated financial statements

19,091 LOYAL MEMBERS

We are honored to serve our over 19,000 members and surrounding communities. We couldn't do what we do without your support!

71 DEDICATED TEAM MEMBERS

Our team of 71 is committed to working together as the most *trusted* resource to help our members' financial lives be **Simply Better.**

MEMBERS SAVED \$1,397,767.87

We're passionate about getting our members the best deal possible. We saved our members over \$1.3 Million while refinancing their loans with WMCU!

2,697 INSTANT ISSUES PRINTED

When you needed a new card, our team jumped into action. We printed 2,697 replacement cards via our Instant Issue program in Grand Rapids and Big Rapids.

2023

A YEAR IN REVIEW

268,591 BRANCH TRANSACTIONS

Branch traffic did not slow down this past year! Our tellers completed 260,000+ member transactions at our 6 branches across West Michigan.

83 DREAM HOMES MADE

Our Member Service Representatives and Mortgage Department helped in facilitating the start of 83 dream homes for our members and their families.

488 MEMBERS ON THE ROAD

Our Member Service Representatives worked to get our members behind the wheel and into the fast lane. We proudly handed the keys over to 488 members.

213 NEW ADVENTURES

Over the course of 2023, we opened 213 new Recreational Vehicle loans for our members - allowing them to get out and start their own adventures!

5,199

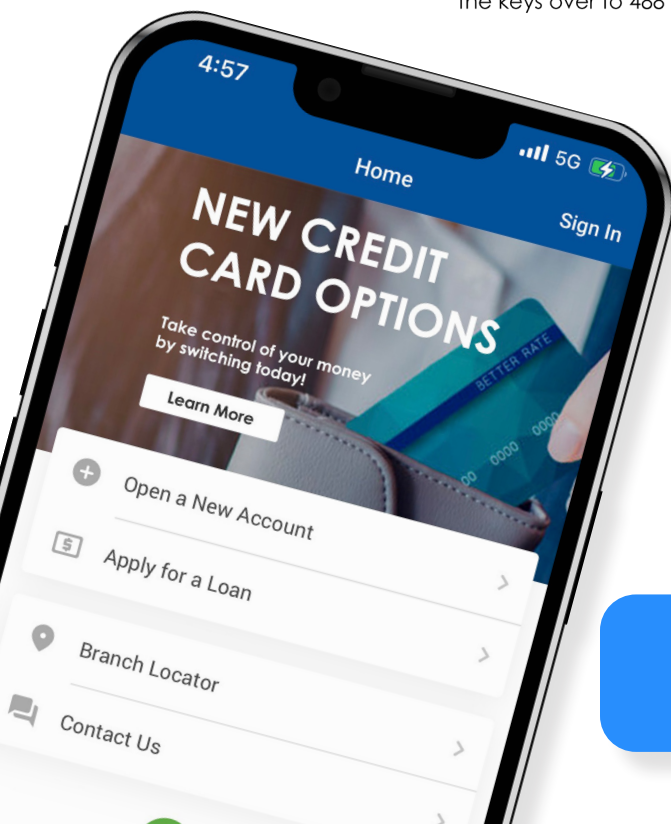
Members use the Mobile App

23,001

Checks Deposited Remotely

\$14,115,325.63

Total Amount Deposited using RDC



WHAT'S COMING IN 2024



**Contactless
Cards**



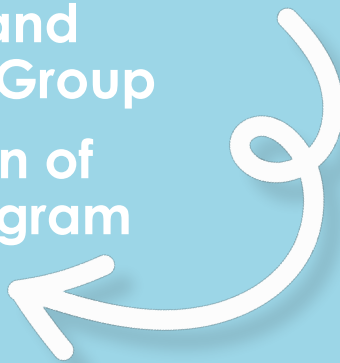
**Digital
Wallet**



**More
Digital!**

2023 HIGHLIGHTS

- Diversity, Equity, Inclusion, and Belonging Group
- Introduction of HELOC program



880,241
Deposit Account
Interest Dividends
Earned in 2023

1,494

Zogo App Users

\$1,295

Rewarded to Zogo Users

24,900

Zogo Lessons Completed



WEST MICHIGAN CREDIT UNION

ANNUAL MEMBERSHIP MEETING

MARCH 19, 2024

BOARD OF DIRECTORS

Brent Nevins - Chairman

Michael Ropele - Vice Chairman

Marlin Baker - Secretary

Dan Titus - Treasurer

Clare Kwant - Director

Joe Couture - Director

Scott Collins - Director

Shirlee Harry - Director

Steve Kenyon - Director

David Husted - Board Emeritus

Dan VanderWoude - Board Advisor

MANAGEMENT

William Keim - President/CEO

Thomas Kuzdzal - CFO

Jeanene Smith - COO

Cassie Patterson - Chief Risk and Compliance Officer

Jared Naber - VP of Lending

Jennifer Brigstock - VP of Operations

Renee Wawrzyniak - Project Manager

Briana Vachon - Human Resources Manager

