



2023

ANNUAL REPORT

Building Stronger Communities Together



Letter from the Chairman and President



Melanie Meidel
Chairman



R. Micheal Lee
President/CEO

Dear valued members,

In 2023, KCT Credit Union lived up to our motto, “Building Stronger Communities Together,” by opening two new branches, thereby enhancing our service to our local communities.

On July 19, we marked the grand opening of our branch at Elgin Community College with the establishment of the ECC Center for Financial Empowerment and Wellness. Our strategic partnership with ECC is a testament to our commitment to aiding ECC students on their financial journey by offering financial education and a suite of products and services designed to improve their financial well-being. Additionally, this branch extends its services to ECC staff and the broader community.

Further expanding our reach, on October 18, we celebrated another grand opening at Village Fresh Market in Carpentersville. This move, stemming from our strategic partnership with Village Fresh Market owners, allows us to better serve our members residing in that area. Focused on inclusivity, this branch caters to our Hispanic community members, offering bilingual staff and financial solutions tailored to meet their unique needs.

These new branches underscore our dedication to the “People Helping People” philosophy, and we are proud to have broadened our physical presence to a total of eight branches. This expansion not only extends our services but also reinforces our commitment to serving the communities we consider home.

We are also excited to announce a partnership with David Hochberg, host of the WGN Radio show “Home Sweet Home Chicago,” airing Saturday mornings from 10:00 am to 1:00 pm. This collaboration provides a platform for KCT staff to discuss the nuances of homeownership and to share the unique benefits of the credit union, especially in financial education and homeownership.

KCT Credit Union experienced remarkable growth in 2023, thanks to the unwavering support of our members. Highlighting this year’s achievements:

- Welcomed 3,930 new members
- Generated \$4,325,333 in income
- Achieved a Return on Assets of 1.08%
- Reached a Capital ratio of 9.68%
- Grew Assets/Deposits to \$418 million

We extend our heartfelt gratitude for your continued support of KCT. As your locally owned and managed not-for-profit financial institution, we remain dedicated to helping our members achieve financial well-being.

KCT Board of Directors and Committee Members

Chairman



Melanie Meidel
Retired U-46 Administrator

Vice Chairman



Angela Smith
*Assistant Superintendent of Operations
West Aurora School District 129*

Treasurer and Secretary



Carole Medal
Chief Executive Officer at Gail Borden Public Library



Jaime Garcia
Retired



Patrick Mogge
Dir. of Community Engagement & Outreach, Township High School District 214



Keith McTyer
Retired



David Kintz
ECC Chief of Police



Kim Wagner
Vice President of Business and Finance at ECC

Expanding Our Reach

In an exciting year of growth and community engagement, KCT Credit Union proudly expanded its footprint with the opening of two new branch locations in 2023. These strategic openings are more than just physical spaces—they are gateways to financial wellness and empowerment for our members and the communities we serve. Each location has been chosen with care, reflecting our commitment to accessibility, convenience, and the financial education of our members.

New Branches

Center for Financial Wellness & Empowerment At Elgin Community College



The first of our new branches opened its doors within the bustling campus of Elgin Community College, establishing the Center for Financial Wellness and Empowerment. This innovative space goes beyond traditional banking services, offering a hub for financial education and resources tailored to the unique needs of students, faculty, and the surrounding community.

The Center is a testament to KCT Credit Union's and Elgin Community College's commitment to financial literacy and empowerment. It provides a range of services, including workshops on budgeting, saving for the future, and understanding credit. With this initiative, we aim to equip the college community with the tools and knowledge necessary for financial success, fostering a foundation of financial wellness.

Village Fresh Market Branch in Carpentersville

Our second new location in 2023 brought KCT Credit Union to the heart of Carpentersville, within the Village Fresh Market. This branch is designed to serve the diverse needs of our members in a convenient and accessible location. By situating the branch in a bustling shopping center, we've created an opportunity for members to manage their financial tasks alongside their daily errands, integrating banking more seamlessly into their lives.

The Village Fresh Market branch reflects our understanding of the modern member's lifestyle and the importance of convenience in financial management. It offers a full range of services, from personal banking, cross-border money movement, utility bill payments, loans and financial advice, all within reach of your weekly grocery shopping.



Building Community & Expanding Services

The opening of these branches underscores KCT Credit Union's dedication to not just serving, but also growing with our communities. By expanding our physical presence, we're not only making our services more accessible but also strengthening our relationships with the members we serve. Each branch is staffed by friendly, knowledgeable professionals committed to providing exceptional service and support.

As we reflect on the successes of 2023, the opening of the Center for Financial Wellness and Empowerment and the Village Fresh Market branch stand out as milestones in our mission to enhance financial wellness and accessibility for all our members. These new branches symbolize our pledge to be where our members need us, ready to support their financial journeys with expertise and empathy.

Looking ahead, KCT Credit Union remains excited about the opportunities these new branches offer for deepening our community engagement and expanding our impact. We are grateful for the trust and support of our members, which make these advancements possible, and we look forward to continuing to serve and support our communities in the years to come.

Statement of Financial Condition

Assets	2023	2022
Loans	\$317,886,370	\$299,405,952
Allowance for Loan Losses	(6,823,672)	(3,691,166)
Cash and Cash Equivalents	39,675,961	13,654,882
Investments	39,267,276	45,842,735
Fixed Assets, Less Depreciation	6,307,144	5,516,765
Other Assets	21,456,383	20,448,028
Total Assets	\$417,769,462	\$381,177,196
Liabilities		
Accounts Payable, Other	\$4,032,686	\$3,372,581
FHLBC Advances	-	-
Reserves		
Regular Reserves	\$19,700,000	\$19,700,000
Undivided Earnings	18,763,931	16,484,056
Equity Acquired in Merger	741,673	741,673
Other Comprehensive Income (Loss)	(3,161,140)	(3,896,389)
Total Reserves	\$36,044,463	\$33,029,340
Members' Equity		
Regular Shares	\$165,318,464	\$185,572,848
All Other Shares	212,373,848	159,202,428
Total Members' Equity	\$377,692,312	\$344,775,276
Total Liabilities, Members' Equity, Reserves	\$417,769,462	\$381,177,196

Report of the Credit Committee



Melanie Meidel

*Chairman & Credit
Committee Chairman*

As a credit union committed to serving our members and building stronger communities together, we are proud and gratified to provide the lowest interest rate loan products in an economic year of rapidly increasing interest rates. Our Membership, sponsor employee groups, and the communities we serve have recognized the significant savings our loan products offer by customizing terms and innovating new products to better serve our Members' lending needs. Our dedicated staff ensures that our members are placed in safe and affordable loan products while maintaining safe and sound loan growth for KCT Credit Union. We are happy to report that KCT's net loan growth as of December 2023 was \$18.48 million, representing a 6.17% increase over December 2022. The positive loan growth was mainly from real estate home equity and automobile loans, which provided significant loan interest savings for our members. In addition, our loan-to-share and loan-to-assets ratios as of December 2023 were 84.17% and 76.09%, respectively, which demonstrates our commitment to lend money to our Membership based on their needs by prudent lending practices. As KCT Credit Union's strong and stable financial results continue, KCT will remain committed to providing our Members with the best possible loan products and services while promoting financial wellness and empowerment.

Statement of Income

Operating Income	2023	2022
Interest on Loans	\$16,872,054	\$13,331,622
Income Investments	8,738,278	3,382,185
Service Charges on Deposits and Loans	1,014,867	935,068
Other Operating Income	3,276,709	3,472,290
Total Operating Income	\$29,901,908	\$21,121,166
Operating Expense		
Compensation and Benefits	\$7,212,116	\$6,751,348
Office Occupancy	808,170	714,738
Office Operations	1,137,966	926,431
Professional and Outside Services	1,051,370	1,030,361
Loan Servicing	1,169,026	734,305
Marketing and Promotion	277,497	289,187
Operating Expense, Misc.	1,506,979	1,734,817
Provision for Loan Losses	3,518,007	3,204,210
Borrowing Interest	6,295,609	2,180,136
Supervisory, IDFPR	84,649	34,405
Total Operating Expense	\$23,061,390	\$17,599,939
Net Operating Income Before Dividends	6,840,519	3,521,227
Dividends Paid to Members	2,498,167	610,674
Net Income from Operations	\$4,342,351	\$2,910,553
Non-Operating Income (Expense)		
Gain (Loss) on Investments & Loans	57,901	1,210,684
Gain (Loss) on Disposition of Assets	(311)	-
Other Non-Operating Income (Expense)	(74,608)	(170,049)
Total Non-Operating Income (Expense)	(\$17,018)	\$1,040,635
Net Income	\$4,325,333	\$3,951,188

Report of the Supervisory Committee



David Kintz

Supervisory Committee
Chairman

The Supervisory Committee's responsibility is to serve KCT's members by ensuring that the Credit Union is operated in accordance with its By-Laws, the Illinois Credit Union Act, and Generally Accepted Accounting Principles. This committee receives and reviews member inquiries and resolves any problems that may exist. The Supervisory Committee contracted the accounting firm Selden Fox Ltd, of Oak Brook, Illinois to perform an annual audit of the credit union. Their report, dated February 15, 2024, states that their audit was performed in accordance to auditing standards generally accepted in the United States of America. Selden Fox CPAs concluded that the financial statements present fairly, in all material respects, the financial position of Kane County Teachers Credit Union as of December 31, 2023 and 2022, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. KCT Credit Union contracted Selden Fox for quarterly compliance and procedural assessments. These proactive assessments address emerging regulations and protect our members.

KCT Premier Membership

The KCT Premier Member Rewards Program was created as a means to give back to our membership. In January 2024, 698 Premier Members split a pool of \$60,000 and also received other benefits for the year.

Are you a Premier Member yet?

To achieve Premier Member Status, members must:

- Have a KCT checking account with debit card in good standing.
- Have a KCT credit card in good standing.
- Conduct a combination of 600 annual debit card, credit card, and checking transactions.

AND...

- Have a KCT Loan in good standing for at least 6 months. (excludes credit cards and real estate loans), **OR...**
- Have \$25,000 in deposits at KCT for at least 6 months (excludes KCT Financial Services accounts).

You could be among the Premier Members in 2024!

For complete program details and disclosures, visit kctcu.org/premier

Report of the Membership Committee



Jaime Garcia

*Membership Committee
Chairman*

Thanks to your trust, KCT Credit Union has continued to achieve significant growth in membership and enhance benefits for our members throughout 2023. In 2023, we were thrilled to welcome 3,930 new members to our credit union. This represents a solid increase of 9.5% from the previous year, bringing our total membership to 31,613 by year-end. This ongoing growth in new membership, surpassing our 2022 figures, underscores the trust and confidence our community places in KCT Credit Union.

We are also proud to announce that our Premier Membership program saw growth, with 698 members achieving Premier Member Status due to their activity in 2023. This achievement highlights the value our members find in engaging deeply with our services and the additional benefits our Premier Membership program offers.

In our ongoing effort to serve our communities and Select Employee Groups more effectively, 2023 saw the opening of two new KCT branches. This expansion includes the Center for Financial Wellness and Empowerment located within Elgin Community College and a new branch in the Village Fresh Market in Carpentersville. These strategic openings are part of our commitment to making our services more accessible and convenient, reinforcing our dedication to community engagement and financial education. Our members continue to benefit from a wide range of financial products and services tailored to their unique needs and goals. KCT Credit Union remains committed to helping our members achieve financial success and is proud to be a trusted partner in their financial journey.

As we look forward to 2024, KCT Credit Union is enthusiastic about building on these successes and exploring new ways to serve and support our members and communities.

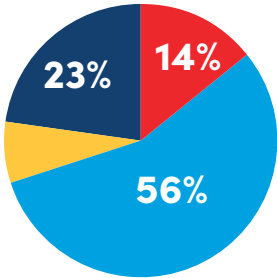
Year In Review

Debt Protection

Members have the option of purchasing KCT's Debt Protection in case of the unexpected, such as disability, death, involuntary unemployment or family medical leave. Qualifying claims could cancel the member's loan balance or payments up to the contract maximums. 2023 saw a total of 84 claims paying out a total of \$197,162.24. For more information, visit protection.kctcu.org.

● Life 14% ● Disability 56% ● Unemployment 23% ● Family Leave 7%

\$197,162.24 in claims paid to our members in 2023



Guaranteed Asset Protection (GAP) Plus

Guaranteed Asset Protection can help fill the gap between what your vehicle insurance will pay and what you owe on your vehicle loan.

\$50,888

15 Claims Paid Total

\$3,392

Average Claim Paid

Mechanical Repair Coverage (MRC)

Big unexpected repairs can happen after your factory warranty expires. Mechanical Repair Coverage can help limit the cost of covered breakdowns.

The miles can add up, but the repair costs don't have to.

Member's Choice® Mechanical Repair Coverage can help deflect some risk of costly repairs keeping your vehicle running extra miles and extra years. With different coverage levels and deductibles to choose, there's a plan to fit your family's budget.

\$69,600

34 Claims Paid Total

\$2,047

Average Claim Paid

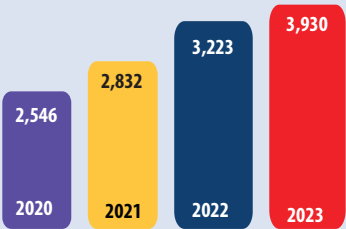
New Memberships

In 2023, new memberships grew by 3,930, more than the previous three years.

Benefits that Give Back to Members

During the 12-month period ending September 2023, KCT Credit Union has provided its member households over \$8,660,000 in direct financial benefits* through lower loan rates, lower/no fees, and better yields on deposit.

*Source: Datatrac, NCUA, and CUNA

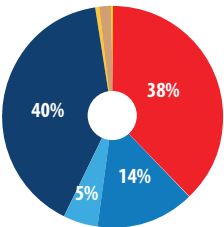


Loans

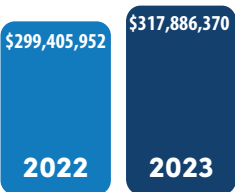
Total loan assets grew 6.17% in 2023 to \$317,886,370 compared to \$299,405,952 in 2022.

Mortgages are the largest percentage of our loans.

● Mortgage 40% ● Consumer 38% ● Home Equity 14%
● Credit Card 5% ● Business 1% ● Student <1% ● Other <1%



Total Loan Assets





MISSION STATEMENT

A member-owned and controlled financial institution.

VISION STATEMENT

We (KCT) strive to build lifelong relationships with staff, members, and communities based on total disclosure.

 **AMERICAN SHARE** INSURANCE
Your savings insured to \$250,000 per account. This institution is not federally insured.

