

Building Stronger Communities Together



2022

ANNUAL REPORT



Letter from the Chairman and President



Dave Kintz
Chairman

Dear valued members,

We are thrilled to present KCT's annual report for 2022. As a cooperative not-for-profit financial institution, we remain dedicated to serving our members and the communities in which they reside. We believe that financial wellness and empowerment are essential for a thriving community, and we work closely with employers to bring these benefits to the workplace.

In 2022, we achieved a record-breaking year, and we owe it all to your continued support. We are proud to report that our credit union has seen significant growth, with 3,223 new members joining us. Our income grew to \$3,951,188, and our capital grew to 9.69%, ensuring that we are financially stable and able to serve our members' needs for years to come.

We are also pleased to report that we have been able to serve our members with \$299,405,952 in loans, and our assets/deposits grew to \$381,177,196. We are committed to providing you with the best possible service and support for all your financial needs.

Furthermore, we have some exciting news to share about our expansion plans. In 2023, we will be opening two new branches at Elgin Community College and the Village Fresh Market in Carpentersville. We are also remodeling our branch located at Gail Borden Library in South Elgin as part of the library's renovation project. These expansions will allow us to serve even more members and communities, and we cannot wait to see the positive impact they will have.

We would like to take this opportunity to thank you, our members, for your unwavering trust and support in KCT. As a cooperative, your involvement in helping us grow is crucial, and we measure our success based on how we help each and every member live better financially. Please continue to spread the word about KCT to your family, friends, and co-workers. You are more than just a member here; you are an owner, and we are grateful for the opportunity to serve you.

Thank you for being a part of the KCT community!



R. Michael Lee
President/CEO

KCT Board of Directors and Committee Members

Chairman



Dave Kintz
ECC Chief of Police

Vice Chairman



Melanie Meidel
Retired U-46 Administrator

Treasurer and Secretary



Carole Medal
*Chief Executive Officer at
Gail Borden Public Library*



Jaime Garcia
Retired



Tony Sanders
*Superintendent
School District U-46*



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



Keith McTyer
Retired



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



Kim Wagner
*Vice President of Business
and Finance at ECC*

Card Programs Giveback and Partnerships

KCT's card programs continue to make a meaningful impact in the communities we serve. In 2022, we were proud to raise \$38,385 through our Affinity Card giveback and piggy bank sales for our affinity partners, which included school districts U46, D300, Batavia, Geneva, East Aurora, West Aurora, St. Charles, Gail Borden Public Library, and Elgin Community College. Through our partnership with Visa, an additional \$14,646 was raised, bringing the total amount to \$53,031.

We are committed to supporting our communities in every way possible, which is why we launched our Purchasing Card program. This program provides 1.5% cashback on purchases including management tools such as payment controls and reporting, allowing us to give back even more to our communities. In 2022, our Purchasing Card program partners West Aurora School District, Kane County Regional Office of Education, and Gail Borden Public Library received \$71,675. We are thrilled to announce that School District U46 has joined our Purchasing Card program, and we look forward to contributing even more to our partners next year.

In total for 2022, our card programs above plus the cashback earned by our Visa Signature Cash Back cardholders allowed us to give back over \$238,450 to our partners and members! To learn more about our card programs and how you can support our communities, visit kctcu.org/cards

Thank you for helping us make a positive impact in the lives of those we serve!



DISTRICT 300



Partnerships

In 2022, KCT added 4 new Select Employee Groups: **Middleby Marshall** produces conveyor ovens for the restaurant food industry, and is based in Elgin with 100 employees. **HARTING** develops, manufactures and sells electrical connectors for various industries. They are based in Elgin and have 200 employees. **Minerallac** produces electrical hardware and fasteners for distributors. They are located in Hampshire and have 100 employees. **Mid-Valley Education Cooperative** serves students with special needs from participating school districts including Batavia District 101, Central District 301, Kaneland District 302, St. Charles District 303, and Geneva District 304. They are located in St. Charles and have 150 teachers and staff.

KCT awarded 23 recipients with classroom mini grants totaling \$9,576. The following school districts received grants: Elgin Area District U46, Batavia District 101, West Aurora District 129, Community District D300, Kaneland District 302, St. Charles District 303, Geneva District 304, Mid-Valley Special Education and Rosary High School. KCT also sponsored \$5,000 for the U46 Superintendent Scholarship, \$2,000 for a homeless student scholarship in Kane County and was a \$500 award sponsor for Kane County Educator of the Year in partnership with the Regional Office of Education.



Statement of Financial Condition

Assets	2022	2021
Loans	\$299,405,952	\$266,627,453
Allowance for Loan Losses	(3,691,166)	(2,874,680)
Cash and Cash Equivalents	13,654,882	46,689,933
Investments	45,842,735	34,302,877
Fixed Assets, Less Depreciation	5,516,765	5,337,966
Other Assets	20,448,028	26,100,528
Total Assets	\$381,177,196	\$376,184,077
Liabilities		
Accounts Payable, Other	\$3,372,581	\$1,878,593
FHLBC Advances	-	5,000,000
Reserves		
Regular Reserves	\$19,700,000	\$18,300,000
Undivided Earnings	16,484,056	13,932,869
Equity Acquired in Merger	741,673	741,673
Other Comprehensive Income (Loss)	(3,896,389)	(307,282)
Total Reserves	\$33,029,340	\$32,667,260
Members' Equity		
Regular Shares	\$185,572,848	\$177,715,179
All Other Shares	159,202,428	158,923,045
Total Members' Equity	\$344,775,276	\$336,638,225
Total Liabilities, Members' Equity, Reserves	\$381,177,196	\$376,184,077

Report of the Credit Committee



Melanie Meidel

*Vice Chairman & Credit
Committee Chairman*

As a credit union committed to serving our members and building stronger communities together, we are proud of our accomplishments in 2022. Our membership, sponsor employee groups, and the communities we serve have recognized the significant savings our loan products offer. Our dedicated staff ensures that our members are placed in safe and affordable loan products while maintaining safe and sound loan growth for KCT. We are happy to report that KCT's net loan growth as of December 2022 was \$32.78 million, representing a 12.29% increase over December 2021. The positive loan growth was mainly from real estate home equity loans and automobile loans, which provided significant interest savings for our members. In addition, our loan-to-share and loan-to-assets ratios for December 2022 were 86.84% and 78.59%, respectively. This represents an increase compared to December 2021 ratios of 79.20% and 70.88%. These ratios demonstrate our commitment to prudent lending practices and financial stability. We 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	2022	2021
Interest on Loans	\$13,331,622	\$11,232,781
Income Investments	3,382,185	753,198
Service Charges on Deposits and Loans	935,068	789,479
Other Operating Income	3,472,290	3,370,354
Total Operating Income	\$21,121,166	\$16,145,812
Operating Expense		
Compensation and Benefits	\$6,751,348	\$6,609,217
Office Occupancy	714,738	730,229
Office Operations	926,431	841,728
Professional and Outside Services	1,030,361	911,063
Loan Servicing	734,305	509,907
Marketing and Promotion	289,187	176,878
Operating Expense, Misc.	1,734,817	1,513,416
Provision for Loan Losses	3,204,210	2,310,580
Borrowing Interest	2,180,136	208,280
Supervisory, IDFP	34,405	65,854
Total Operating Expense	\$17,599,939	\$13,877,151
Net Operating Income Before Dividends	3,521,227	2,268,661
Dividends Paid to Members	610,674	607,737
Net Income from Operations	\$2,910,553	\$1,660,924
Non-Operating Income (Expense)		
Gain (Loss) on Investments & Loans	1,210,684	175,119
Gain (Loss) on Disposition of Assets	-	-
Other Non-Operating Income (Expense)	(170,049)	(63,175)
Total Non-Operating Income (Expense)	\$1,040,635	\$111,943
Net Income	\$3,951,188	\$1,772,868

Report of the Supervisory Committee



Angela Smith
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 January 31, 2023, 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, 2022 and 2021, 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 2023, 686 Premier Members split a pool of \$50,000 and also received other benefits for the year. Next year, the total will be increasing to \$60,000!

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 2023!

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 achieved significant growth in membership and benefits for our members. In 2022, we welcomed 3,223 new members to our credit union, which represents a remarkable increase of over 13% from the previous year. This brings our total membership to 28,869 as of yearend. What's even more impressive is that our new membership signings have surpassed the numbers of the past three years, which shows the trust and confidence our community has in KCT Credit Union.

We are also proud to announce that our Premier Membership program has grown significantly with 686 members achieving Premier Member Status for their activity in 2022. This represents a 25% increase from the previous year. As part of our commitment to our members, we are increasing our Premier Member giveback program to \$60,000 from \$50,000 for 2023 activity.

At KCT Credit Union, we strive to serve our communities and Select Employee Groups by providing electronic resources for member enrollment, convenient branch locations, and in-person and virtual financial wellness seminars. Our members have access to a wide range of financial products and services that are tailored to their unique needs and goals. We are committed to helping our members achieve financial success, and are proud to be a trusted partner in your journey.

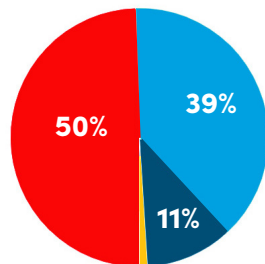
We want to take this opportunity to thank all our members for their continued support and trust in us. We look forward to serving you in the years to come.

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. 2022 saw a total of 76 claims paying out a total of \$254,953.50. For more information, visit protection.kctcu.org.

● Life 50% ● Disability 39% ● Unemployment 11% ● Family Leave <1%



\$254,953.50 in claims paid to our members in 2022

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.

\$24,075.95

7 Claims Paid Total

\$3,439

Average Claim Paid

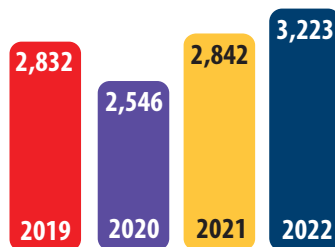
New Memberships

In 2022, new memberships grew by 3,223, more than the previous three years.

Benefits that Give Back to Members

During the 12-month period ending September 2022, KCT Credit Union has provided its member households over \$5,711,916 in direct financial benefits* through lower loan rates, lower/no fees and better yields on deposits.

*Source: Datatrac, NCUA and CUNA

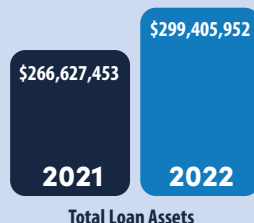
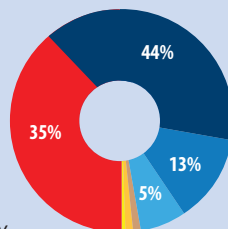


Loans

Total loan assets grew 12% in 2022 to \$299,405,952 compared to \$266,627,453 in 2021.

Mortgages are the largest percentage of our loans.

● Mortgage 44% ● Consumer 35% ● Home Equity 13%
● Credit Card 5% ● Business 2% ● Student <1% ● Other <1%



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.

