



SOUTHWEST
MONTANA
COMMUNITY FEDERAL CREDIT UNION

82nd Annual Report

FAIRMONT HOT SPRINGS
February 8th, 2023

www.swmcfcu.org

Order of Business

OUR MISSION STATEMENT

Southwest Montana Community Federal Credit Union provides financial services with a personal touch.

THE ORDER OF BUSINESS AT THE ANNUAL MEETING OF MEMBERS SHALL BE (AS SET BY THE FEDERAL CREDIT UNION'S BYLAWS):

- (a) Ascertainment that a quorum is present (15 members)
- (b) Reading and approval (or correction) of the minutes of the last meeting
- (c) Report of Directors
- (d) Report of the Treasurer/Secretary
- (e) Report of the President/CEO
- (f) Report of the Supervisory Committee
- (g) Unfinished business
- (h) New business
- (i) Elections
- (j) Adjournment

The members assembled at any annual meeting may suspend the above order of business upon a two-thirds vote of those present.

Board of Directors



Donna Kostelecky (Chairwoman) Mike Hahm (Vice Chairman)
Dave Bisch (Secretary/Treasurer) Charlie Haeffner (Board Member)
Mike Huotte (Board Member) Con Malee (Board member)
Ron Haffey (Board Member)

Chairman's Report

Our credit union saw a good year of financial performance and membership growth in 2022. Southwest Montana Community Federal Credit Union (SWMCFU) saw net income of more than \$650,000. This amount is then transferred into Undivided Earnings for future growth and safety needs. During the year. We experienced a net gain of 132 members. Beyond that, I am happy to report that our key ratios remain above average as compared to our peers in Montana.

Our loan portfolio has experienced significant growth in the past year as members also begin to pick up pieces of their lives and begin to look to the future again. This, plus a major improvement in earnings from our investments contributed to our earnings position and ability to set aside funds into our Undivided Earnings. But, like almost all other business's, 2022 was a rebuilding year for the credit union as we worked to re-structure, re-train and re-emphasize basic accomplishments after almost 2 years of pandemic related challenges.

The board of directors wishes to thank the staff for their efforts to be ever responsive and proactive with our membership. We also thank the members for your support of your Credit Union. Our credit union is healthy and we encourage all members to use all of the financial services available at both offices.

Donna Kostelecky, Board Chairwoman

President's Report

I recently had the pleasure of working closely with our directors and staff in a day long session to revitalize our strategic plan developed in the months just before the pandemic. You know, 2019. Back before any of us knew what COVID 19 was and the pandemic disrupted everything we thought we knew about life, family and business.

One of the most important steps in developing a strategic plan is to look closely at our mission, and then try to define that mission in a simple statement. We defined one in 2019 and, fortunately, all of our experiences in the past few years seems to make that statement even more valid today.

“Southwest Montana Community FCU provides financial services with a hometown personal touch. We value our relationships with each of our members, from those opening their first checking accounts to those applying for home loans. As a Credit Union our business decisions are grounded in benefiting our membership.”

Our Motto is “Everything we do we do for you”

Everyone participating in the session really believes in these simple words. They are the focus of what we strive for when we work for you every day. To make them true, our staff and volunteer directors work very hard to keep that focus on your benefit.

So, after dusting off these plans from 2019 I can honestly say we are excited to begin working on them again! In the months remaining in 2023, management and staff will be working hard to improve our knowledge, sharpen our skills, install new technology and work better as a team to meet your financial needs all in an effort to match up to the promise we make in our Mission Statement.

Tom Dedman, CEO/President

Secretary/Treasurers Report

(Our Statement of Financial Condition can be found following on Page 6.)

Again this year, the Credit Union continues to add to our reserves through the conservative management of its daily operations. The continued development of these reserves is one of the most important steps we can take to provide for future investments in new services or to protect ourselves when hard times arrive.

After two years of slow loan demand member loan growth in 2022 exceeded 17%. This increase and the overall improvement of investment yields after two lackluster years has helped to greatly improve our performance for the year.

Thank you for allowing me to serve on the Board of Directors again this year. I am very proud of our Credit Union and the great things that it does for us all on a daily basis.

David Bisch, Secretary/Treasurer

Supervisory Committee Report

The Supervisory Committee this year is comprised of myself, Keith Wilson, Ella Higgins, James Manning and Jack Corrigan.

Part of the committee's purpose is to survey every member who either opens or closes an account at the Credit Union because we want to know what the Credit Union can be doing to improve on its services. This year a total of 757 new accounts were opened and 625 accounts were closed.

According to the survey responses received by the committee, most members who closed an account did so because they just needed the money, were moving out of the area or because the member had passed away. Our new members tell us that they joined the Credit Union because our rates are better and our fee schedule is less expensive than other places that they do business with.

Again this year we commissioned a CPA review of the Credit Union's financial performance by Anderson Zurmuelhen and Co, PC CPA's. As in past years there were no irregularities to report. It was a pleasure to work with all of the staff and board in 2022 and we look forward to the new challenges of 2023.

James Corrigan, Supervisory Committee Liaison

FINANCIAL CONDITION 31-Dec-22

ASSETS

(What We Own)

ASSETS	LAST YEAR 12/31/2021	THIS YEAR 12/31/2022	INCREASE
Loans to Members	51,182,253	59,970,919	17.17%
Member Business Loans	1,295,403	1,843,881	
Less Allowance for Loan Losses	(412,150)	(295,138)	
Net Loans	52,065,506	61,519,662	
Cash in Bank	15,236,787	10,305,769	
Investments	76,825,719	70,449,485	
Building & Land	5,735,437	5,549,170	
Furniture & Fixtures	338,592	223,670	
Other Assets	1,944,557	729,577	
TOTAL ASSETS	\$152,147,599	\$148,777,333	-2.22%

LIABILITIES & MEMBERS EQUITY

(What We Owe)

ASSETS	LAST YEAR 12/31/2021	THIS YEAR 12/31/2022	INCREASE
Share to Members	59,692,854	66,343,580	
Share Draft Accounts	25,370,226	28,651,072	
Money Market	26,941,293	24,725,557	
Share Certificates	14,702,697	10,134,738	
IRA Accounts	8,207,523	7,682,958	
Non Member Shares			
Total Shares	134,914,593	137,537,905	1.94%
Notes Payable			
Reserves	1,668,503	(5,417,203)	
Accounts Payable	875,330	1,310,804	
Undivided Earnings	14,689,172	15,345,826	
TOTAL LIABILITIES & EQUITY	\$152,147,599	\$148,777,333	-2.22%

GROWTH OF OPERATIONS

Assets	\$152,147,599	\$148,777,333	-2.22%
Share of Members	134,914,593	137,537,905	1.94%
Loans to Members	52,065,506	61,519,662	18.16%
Total Income	4,000,580	4,692,560	17.30%
Reserve & Undivided Earnings	16,357,676	9,928,623	-39.30%

INCOME & EXPENSE

STATEMENT OF OPERATIONS

	LAST YEAR	THIS YEAR	INCREASE
INCOME	12/31/2021	12/31/2022	
Interest on Loans	\$2,254,927	\$2,368,800	5.05%
Income from Investments	750,495	1,244,476	65.82%
Total Income	3,005,422	3,613,276	20.23%
INTEREST EXPENSE			
Dividends	\$353,415	\$223,219	-36.84
Interest on Borrowed Money			
Total Interest Expense	353,415	223,219	
Net Interest Expense	2,652,007	3,390,058	
Provision for Loan Losses	(76,480)	117,351	
Net Interest Income after Provision for Losses	2,575,527	3,507,409	
EXPENSE			
Employee Compensation	\$1,229,256	\$1,412,702	
Employee Benefits	310,543	354,227	
Travel & Conference	29,031	39,006	
Association Dues	38,272	42,746	
Office Occupancy Expenses	342,300	361,724	
Office Operation Expenses	741,258	749,374	
Education & Promotion	109,348	106,427	
Loan Servicing Expenses	40,842	77,187	
Professional & Outside Expenses	159,147	227,404	
Operating Fees (Exam)	26,255	24,478	
Misc. Operating Expenses	602,901	708,259	
Total Operating Expense	3,629,152	4,103,534	13.07%
MISCELLANEOUS OPERATING INCOME			
Fees & Miscellaneous	\$995,158	\$1,079,284	
NON-OPERATING INCOME			
Gain on Disposition of Assets	\$3,865	0	
Gain on Disposition of Investments	0	0	
Misc Non-Operating Income	198,016	173,495	
NET INCOME	\$143,413	\$565,654	357.88%

Member Services

Kasasa Rewards Checking

Business Loans

IRA Savings

Auto Pay Deductions

Money Orders/ Cashier
Checks

Safe Deposit Boxes

Online Bill Pay

Share Certificates of Deposit

Share Draft Checking

Consumer Loans

VISA EMV Credit Cards

Telephone Banking

VISA Travel and Gift Cards

Instant Issue ATM Cash &
Check EMV Cards

Wire Transfers

Neteller Homebanking &
Mobile App

Drive Up

ATMs (2)

Coop ATM's Nation Wide

Home Equity Lines of Credit

Share Savings

Christmas Club Accounts

Money Market Checking

Night Depository

Overdraft Protection

Direct Deposit

Real Estate Loans

Anaconda Staff:

Amy Killoy

Deborah Colbert

Deborah Lewis

Helen Abbitt

Jennifer Sundberg

Jessica McArthur

Jolyn Orrino

Judy Blaz

Kira Morse

Laurie Theard

Mary Gervais

Michelle Gwin

Michelle Morley

Nikki Hasley

Stephanie Green

Teri Krakowka

Tom Dedman

Wendy Stetzner

Butte Staff:

Amber Allen

Cassidy Powers

Chris James

Denise Gorman

Erin Sugrue

Jordan Tracy

Josh O'Neill

Katherine Baldry

Kristen Schafer

Lori Jurenic

Miranda Rozan

Robin Brownback

Sandy Schonsberg

Shanden Taylor

Everything we do,
we do for *you*[™]

