

# 2023 ANNUAL REPORT



## A COMBINED MESSAGE FROM THE CHAIR AND THE PRESIDENT

In 2023, DuTrac Community Credit Union experienced outstanding growth, which is evident from the increase in membership and strong financial performance.

DuTrac has been a People Helping People financial institution since its founding in 1946. DuTrac started with one office within the John Deere Dubuque plant, fifty-six members, a little over \$2,000 in deposits and outstanding loans of \$1,195. Our focus was and continues to be helping our members achieve their financial goals and realize their dreams.

Integrity, Community, Engaged, and Education are the core values of DuTrac. It reflects our commitment to conduct business in a way that presents opportunities for members to add value to their lives.

During 2023, inflation had an impact on many industries, including the Credit Union, but we continued to evaluate and adjust to ensure we stayed ahead of the curve with our deposit and loan rates.

During 2023, work was started to refresh the exterior of the Asbury Road location and construction also began on a brand-new Moline, Illinois Branch Office. Looking forward to 2024, you can expect to see the

rollout of a mobile unit/branch that will allow us to expand our reach into counties that we do not already have a physical location. We continue to upgrade our facilities as well as seek new opportunities for branch locations.

Thank you to our members for their continuous support. This commitment is extremely important to the Credit Union's financial success, and we thank you for choosing us to help you achieve your financial goals and realize your dreams!

The Board, management, and staff of DuTrac Community Credit Union.



**John Vail**  
*Chair*



**Andrew Hawkinson**  
*President and CEO*



# BOARD OF DIRECTORS



**Nicholas Specht**  
*Chair*



**Chad Kruse**  
*Vice Chair*



**Kevin Mueller**  
*Treasurer*



**Daniel Deutmeyer**  
*Secretary*



**Crenna Brumwell**



**David Eggers**



**Scott Neyens**



**Harlan Pedretti**



**Michael Ready**



**John Vail**



**Teri Zuccaro**

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## A MESSAGE FROM THE NOMINATING COMMITTEE

*Respectfully submitted by John Vail, Chair; Crenna Brumwell, and Chad Kruse*

The results of the 2023 Annual Meeting election, held virtually and in-person, are as follows: Board nominees Crenna Brumwell, Kevin Mueller, Harlan Pedretti, and Michael Ready, were each re-elected to a seat on the DuTrac Board of Directors for a single term consisting of three (3) consecutive years.

Following the 2023 Annual Meeting, the Board of Directors held their annual Board reorganizational meeting. Board members elected table officers are as follows: Nicholas Specht, chair; Chad Kruse, vice chair; Kevin Mueller, treasurer; and Daniel Deutmeyer, secretary. The names of Board members serving on the Nominating, Audit, and Credit Committees are located within the headers of each committee's respective report within this 2023 Annual Report.

Directors with terms expiring during the 2024 Annual Meeting include board appointed Teri Zuccaro\* and directors Daniel Deutmeyer, Scott Neyens, and Nicholas Specht. Requests for members to submit their applications and related information to the Nominating Committee appeared in the Update quarterly newsletter as well as in postings in branch offices. Submissions were due by March 16, 2024. As a

result, nominations are no longer accepted and the nominations to the DuTrac Board are closed.

The nominating committee received a board nomination packet from the following members and vetted each member approving their willingness and suitability to stand for election: Daniel Deutmeyer, Scott Neyens, Nicholas Specht, and Teri Zuccaro. The nominating committee did not receive other applications. The bio of each Board nominee has been available to members for at least 30 days and no more than 60 days before the 2024 Annual Meeting. Each nominee is running for one (1) of three (3) board seats expiring during the 2024 Annual Meeting, each with a single term of three (3) consecutive years.

An announcement of those nominees newly elected to the Board takes place immediately following the collection and count of member votes during the 2024 Annual Meeting.

*\*Teri Zuccaro was appointed to fill the vacant board seat left vacant by Susan Kern's resignation on May 23, 2022. Teri was appointed as board associate on December 18, 2023.*

1946

# DUTRAC LOGO EVOLUTION

2024

DU TRAC  
CREDIT UNION

1967



1981

1985



1986

1999



2024

# A MESSAGE FROM THE AUDIT COMMITTEE

*Respectfully submitted by Crenna Brumwell, Chair;  
and Committee Members David Eggers, Scott Neyens, Michael Ready,  
and Teri Zuccaro, associate director*

The engagement of an independent audit firm, the supervision of the Credit Union's internal audit function, and the review and supervision of the findings from the most recent regulatory examination are the responsibility of the Board-appointed Audit Committee, ensuring the overall safety and soundness of DuTrac. Audit Committee members serve a one-year term but are not limited to serving only one year.

The public accounting firm of WIPFLi, LLP, was selected to perform an independent audit as of December 31, 2023. The audit report issued to the Credit Union's Board of Directors (Board) concludes the financial statements of the Credit Union accurately represent the financial position of DuTrac and the results of its operations and cash flows and thereby indicate the general ledger, financial statements and records reported comply with generally accepted accounting principles (GAAP).

Supporting management's commitment to strong internal controls and accurate financial reporting,

no regulatory compliance violations or significant deficiencies were found during a review of the internal controls of the Credit Union, nor were any such noted during the financial audit itself, as stated by WIPFLi, LLP within their independent auditor's report of the Credit Union.

The last regulatory exam was effective as of September 30, 2022. The Iowa Division of Credit Unions, in conjunction with federal regulators from the National Credit Union Administration (NCUA), conducted the joint exam, finding DuTrac's policies, practices, and internal controls complied with applicable state and federal regulations, and that DuTrac appears to be financially in good health in all its operations and maintains a strong net worth position. The date of the next exam has not been communicated as of the writing of this report.

Audit Committee members are pleased with how DuTrac is managed and its continued strong financial performance.

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# A MESSAGE FROM THE CREDIT COMMITTEE

*Respectfully submitted by Harlan Pedretti, Chair;  
Kevin Mueller, John Vail, Nicholas Specht, Daniel Deutmeyer,  
and Ron Kinsella, Senior Vice President of Lending.*

Inflationary pressures caused interest rates to continue their upward trend in 2023, however, at a slower pace than in 2022. Mortgage rates hit a two-decade high causing existing home sales to drop 18.7% nationally in 2023.

Despite these economic headwinds, current and new members of DuTrac realized the value of the credit union's loan offerings. DuTrac disbursed 7,992 loans and \$246.8 million in net new loan balances in the calendar year 2023. Total loan balances outstanding increased \$82.1 million or 10.38%, exceeding our peer average, to end the year at \$873.6 million.

DuTrac's Indirect Program, a partnership with auto dealers, added over 5,000 new members and over \$175 million in new loans. Business loan balances increased 10.4% to over \$155 million and the Real Estate First Mortgage department disbursed \$39.5 million in new loans. Members also took advantage of the equity in their homes, increasing Home Equity Line of Credit balances by 10.2% to just under \$29 million.

With rising loan volumes there is always a risk for increased delinquencies and charge-offs regardless of credit underwriting efforts. It was therefore no surprise to see delinquencies and charge-offs edge upward. Charge-offs increased from \$915 thousand during 2022 to \$1 million during 2023 and delinquency increased to 1.08%.

Regardless of the rate environment, DuTrac's lending team will continue to find and source the best and unique solution for member's individual situations. Continuing to provide guidance and options on how to lessen debt or make existing debt more manageable while stretching saving dollars farther. Members have a financial partner they may trust in DuTrac.

We are grateful for your use of DuTrac's products and services this past year.

## FINANCIAL STATUS

<b>ASSETS:</b>	<b>2023</b>	<b>2022</b>	<b>% Change</b>
Loans	\$873,637,440	\$791,504,489	10.38%
Allowance for Loan Loss	-\$3,829,044	-\$3,192,814	19.93%
Cash & Receivables	\$23,006,033	\$42,215,125	-45.50%
Investments	\$137,952,288	\$173,527,875	-20.50%
Other Assets	\$42,303,970	\$39,520,542	7.04%
<b>TOTAL ASSETS:</b>	<b>\$1,073,070,687</b>	<b>\$1,043,575,217</b>	<b>2.83%</b>

<b>LIABILITIES &amp; EQUITY:</b>	<b>2023</b>	<b>2022</b>	<b>% Change</b>
Shares & Deposits	\$939,149,121	\$921,249,280	1.94%
Accounts Payable	\$17,143,949	\$14,267,702	20.16%
Accrued Expenses	\$3,197,290	\$3,108,596	2.85%
Reserves & Undivided Earnings (Equity)	\$113,580,327	\$104,949,638	8.22%
<b>TOTAL LIABILITIES &amp; EQUITY:</b>	<b>\$1,073,070,687</b>	<b>\$1,043,575,217</b>	<b>2.83%</b>

<b>INCOME &amp; EXPENSES:</b>	<b>2023</b>	<b>2022</b>	<b>% Change</b>
Income from Loans	\$39,508,860	\$28,716,358	37.58%
Investment Income	\$4,591,534	\$3,813,229	20.41%
Total Interest Income	\$44,100,394	\$32,529,587	35.57%
Total Cost of Funds	-\$17,333,303	-\$6,740,611	157.15%
Net Interest Income	\$26,767,091	\$25,788,976	3.79%
Other Operating Income	\$8,868,464	\$7,714,104	14.96%
<b>NET INCOME BEFORE OPERATING EXPENSES:</b>	<b>\$35,635,555</b>	<b>\$33,503,080</b>	<b>6.37%</b>

<b>OPERATING EXPENSES:</b>	<b>2023</b>	<b>2022</b>	<b>% Change</b>
Compensation & Employee Benefits	\$13,532,863	\$12,081,187	12.02%
Association Dues	\$64,222	\$59,921	7.18%
Office Operations & Occupancy	\$6,841,021	\$6,025,362	13.54%
Advertising & Promotion	\$1,921,205	\$1,910,059	0.58%
Loan Servicing	\$4,202,510	\$2,929,676	43.45%
Professional & Outside Services	\$1,823,927	\$1,522,297	19.81%
Provision for Loan Losses	\$1,508,959	\$790,200	90.96%
Miscellaneous Expenses	\$1,150,816	\$1,071,205	7.43%
<b>TOTAL OPERATING EXPENSES:</b>	<b>\$31,045,523</b>	<b>\$26,389,907</b>	<b>17.64%</b>

<b>NET INCOME FROM OPERATIONS:</b>	<b>\$4,590,032</b>	<b>\$7,113,173</b>	<b>-35.47%</b>
Non-Operating Income & Expense	\$646,789	-\$286,381	-325.85%
<b>NET INCOME:</b>	<b>\$5,236,821</b>	<b>\$6,826,792</b>	<b>-23.29%</b>

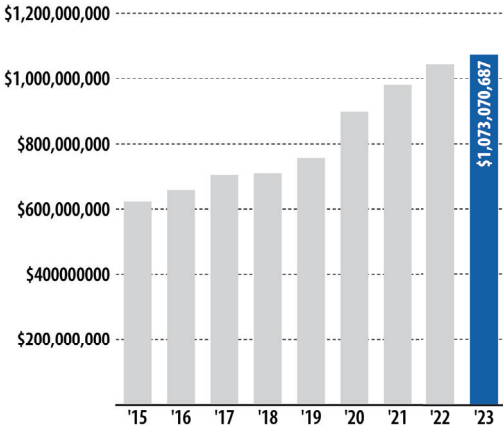
## MEMBER GROWTH



# A MESSAGE FROM THE TREASURER

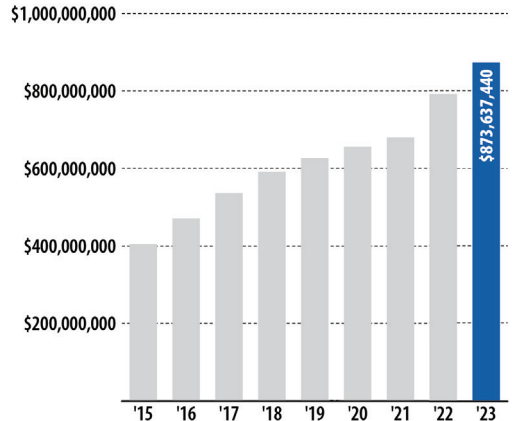
Respectfully submitted by Kevin Mueller - Treasurer

## TOTAL ASSETS



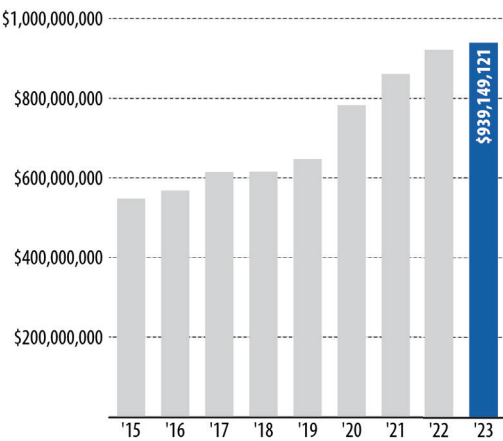
Total assets increased \$29.4 million or 2.83%.

## TOTAL LOANS



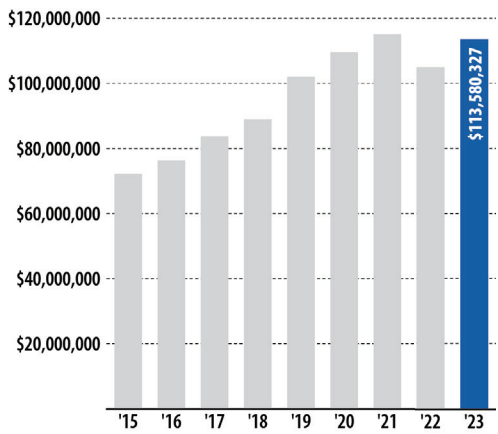
The increase in gross loan balances of \$82.1 million or 10.38%.

## TOTAL DEPOSITS



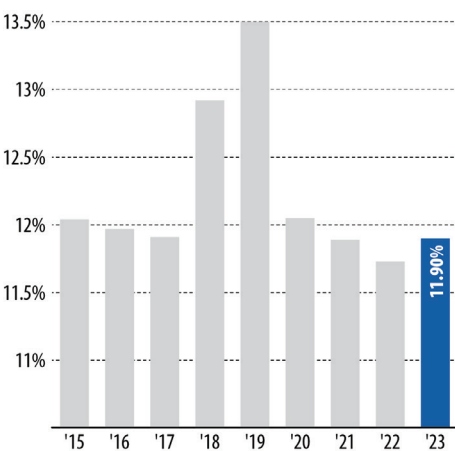
Total deposits increased \$17.8 million or 1.94%.

## TOTAL EQUITY



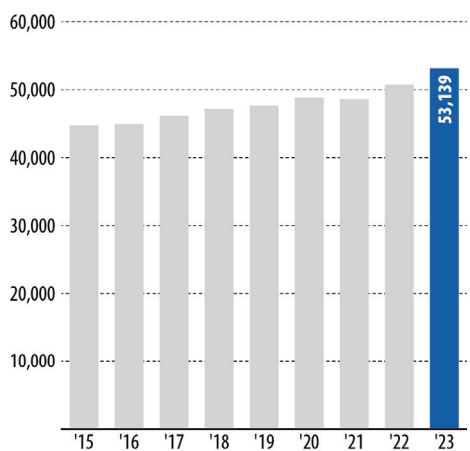
Total equity increased \$8.6 million or 8.22%.

## NET WORTH RATIO



The current net worth level is 11.90%.

## TOTAL MEMBERS



Total members grew from 50,718 to 53,139.

Graphs reflect years ending December 31

(Rounded to nearest thousand)