



**First Alliance**  
CREDIT UNION



# ANNUAL FINANCIAL & COMMUNITY IMPACT REPORT

2023

# MISSION, VISION, VALUES

## Our Mission

At First Alliance Credit Union, we place our members' (and future members) needs first by providing compassion, guidance, and resources to promote their financial well-being.

## Our Vision

We want to be the trusted partner of choice for the financial success of our members and the communities we serve.

## Our Values



Trust



Compassion



Diversity and Inclusivity



Innovation



Empowerment



Stewardship



Flexibility





# FINANCIAL WELL-BEING FOR ALL

**Financial well-being is when you feel confident in your day-to-day finances and can handle any unforeseen circumstances, allowing you to enjoy your everyday life.**

First Alliance Credit Union's products and services directly support the financial well-being of our members by helping people build and maintain good credit, establish savings, access affordable auto loans, fund their dreams and aspirations, and so much more.

## Why is it important?

- 1. Alleviating stress:** Maintaining good financial health can have a profound impact on reducing stress and anxiety, giving you the chance to lead a more fulfilling and harmonious life.
- 2. Elevating life's quality:** Attaining financial stability will empower you to fulfill your basic needs and pursue your life goal, ultimately enhancing your overall quality of life.
- 3. Enhanced decision making:** By establishing a solid financial foundation, you'll gain the confidence to make smart decisions, skillfully manage your finances, invest in your future, and prepare for unexpected emergencies.
- 4. Ensuring financial security:** Achieving financial well-being provides a sense of security and safeguards against the risk of falling into poverty or accumulating debt, offering peace of mind.
- 5. Expanding opportunities:** Nurturing good financial health opens a world of possibilities, including access to credit, higher education, and the ability to embark on entrepreneurial ventures, empowering you to broaden your horizons and achieve your goals.

Overall, we believe that nurturing financial well-being is paramount for personal success, serves as a fundamental pillar for our member's overall health and happiness. The following pages highlight some of the financial successes our members have achieved in 2023.

# HOMEOWNERSHIP

Owning a home is essential for building strong communities, providing stability for individuals and families, and fostering pride and belonging. Homeowners invest in their properties and contribute to the well-being of the neighborhood, establishing a solid foundation for long-term community prosperity.



I think their customer service is first rate. I often wonder how they train their employees because I really feel like I am a person when I walk in and not just an account number.

**Don Supalla** | Member since 1971



# 35

members were able to access affordable housing in our community with our Manufactured Home loans in 2023.

In 2023, a total of **126 members** gained access to affordable financing through the equity in their homes by utilizing our Home Equity Loans and Line of Credit services.



## Community Housing Partnerships:

- Three Rivers Habitat for Humanity
- Two Rivers Habitat for Humanity
- Rochester Housing Alliance
- Area Manufactured Home Parks
- Coalition for Rochester Area Housing

# TRANSPORTATION

We believe access to reliable, affordable transportation is crucial for the people living in our communities. It allows access to your jobs, grants you access to getting to doctor's appointments, and overall enhances your quality of life.

1. **Access to employment:** Reliable transportation can help people find and maintain employment which leads to increased financial stability within our communities.
2. **Improved health care access:** Reliable transportation enables residents to access the health care they need, improving their overall well-being.
3. **Enhanced quality of life:** Reliable transportation allows community members to participate in social, cultural, and educational activities which can improve the overall quality of life for people living within the communities we serve.

In 2023, a total of  
**826**  
members obtained  
affordable transportation  
with an auto loan.



“ Sydney was excellent to work with and she got me in the truck of my dreams.

Eric Pohl | Member since 2023





# ENTREPRENEURSHIP

Supporting small businesses provides a multifaceted positive impact on local communities, promoting economic development, job creation, innovation, and community engagement. It is a key driver for building strong, sustainable, and self-sufficient local economies.

## Community Commercial Lending Partnerships:

- Small Business Development Center
- Rochester Area Builders
- National Association of Women in Construction
- Collider
- RAEDI

**61**

business loans were provided, giving access to over **\$6.6 million** in funding for local small businesses in 2023.



The team at First Alliance was committed to helping me by meeting the needs that I had at that particular moment in time. It wasn't a process that was going to be daunting and bring me down even further. I've gained confidence that First Alliance Credit Union is with me the entire time.

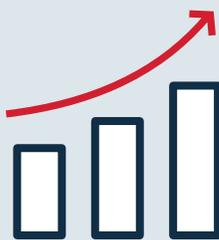
**Sara Hellrud, Owner of Salon Chic**  
Member Since 2010





# CREDIT SCORES

Boosting credit scores within communities empowers individuals and enhances their financial well-being. This opens doors to affordable loans and favorable interest rates, enabling investments in homes, education, and small businesses. As a result, local economic growth and job creation are stimulated, while financial insecurity is reduced, and responsible financial behaviors are promoted. The elevation of credit scores has the power to transform individuals' financial paths and foster a resilient and prosperous local economy.



As of 2023-year end, over **9,500** members with an active loan from First Alliance Credit Union have improved their credit scores.

In 2023, **34** members with no credit began working towards establishing a positive credit history with our Credit Builder Loan program.

In 2023, **664** members gained access to affordable financing with our No Judgement, Just Guidance Loan program. This program expands access to more affordable credit products for members with damaged credit, allowing them to make positive moves forward in their financial lives.

# MANAGING FINANCES

Effective financial management is important for the well-being and growth of local communities. By instilling financial literacy and responsible budgeting practices, individuals can make informed decisions about their money, leading to greater economic stability.

## Skip-A-Pay

The Skip-a-Pay program provides the opportunity to keep a little extra cash in your pocket for upcoming or unexpected expenses. Qualifying members can easily defer a loan payment, any month of the year.

**2,796** loan payments were skipped by members in 2023.

## No Hassle Loan

No Hassle Loans provide \$1,000 the same day, without a credit check, to qualifying members.

**134** members received fast, emergency cash through our No Hassle loan program in 2023.

## Fraud Protection

Fraud protection services play a crucial role in safeguarding individuals and businesses from financial threats, ensuring trust and security within the community. By proactively detecting and preventing fraudulent activities such as identity theft and unauthorized transactions, these services create a secure environment for our member's day-to-day financial lives.

Did you know First Alliance Credit Union processed **4,664,007** in transactions on our debit and credit card services in 2023?

**9,362** Fraudulent transactions were blocked saving our members over **\$575,000** thanks to our fraud monitoring services in 2023.

## Debt Protection

Debt protection services provide peace of mind and help shield our members against unforeseen circumstances. These services help promote a sense of security and strengthens the overall financial resilience of our community, fostering a more stable and supportive environment for our members.

**178** members had **\$382,445** in payments covered during difficult times thanks to our debt protection program.

## GreenPath

GreenPath is a national non-profit committed to improving people's quality of life through financial wellness. Through this partnership we can help you feel more prepared for the unexpected while taking control of your financial future.

**28** members received help from GreenPath in 2023. A total of **\$52,398** in debt was paid off thanks to our GreenPath partnership in 2023.





# SAVINGS TOOLS

## WINcentive Savings®

WINcentive® Savings accounts provide the opportunity to save money while having the chance to earn money.

WINcentive® is a registered trademark of the Minnesota Credit Union Network

**368** members have a WINcentive® Savings account and collectively saved \$533,975 in 2023 thanks to this savings program.



Big congratulations to our very own member, Pat for winning the WINcentive® Savings annual prize drawing in 2023 of **\$5,000**

## Greenlight Partnership

Building financial literacy skills from a young age is key to building financial resilience within communities. This is why First Alliance Credit Union has partnered with Greenlight — the money app and debit card for kids! This partnership allows our members to empower their children to learn valuable money management skills for life from a young age.

The Greenlight® prepaid card is issued by Community Federal Savings Bank, member FDIC, pursuant to license by Mastercard International.

## Certificate of Deposit

Certificates of Deposits (CDs) provide the opportunity to save money for both long and short-term financial goals.

**368** first-time Certificates of Deposits were opened as a savings source in 2023.

# DIVERSITY, EQUITY, & INCLUSION (DEI)

First Alliance Credit Union's DEI Committee formed in 2020 alongside our credit union peers who signed a pledge to commit to positive change towards diversity, equity, and inclusion.

## DEI Statement

At First Alliance Credit Union we value diversity and inclusion at our core, as such we strive to foster a culture of acceptance and support. We are committed to celebrating differences throughout our organization, within our staff, membership, and the communities we serve. We support everyone's unique qualities, such as gender identity, sexual orientation, race, ethnicity, religion, citizenship, age, physical disability, or mental disability, as these provide a richer, more welcoming environment, we can all thrive in.

# 110

**members were able to access financing for a variety of loans thanks to our ITIN lending program.**

**By offering this service, we break down barriers to financial access and contribute to the development of our community, ensuring every member, has the opportunity to build a secure financial future.**



## We sponsored DEI focused events:

- Pride Fest on May 20, 2023
- Juneteenth Celebration on June 17, 2023
- Latino Fest on September 16, 2023



**With 9 bilingual employees our members have access to support in the following languages:**

- Spanish
- Bosnian
- Tagalog
- Urdu



# ALL FOR ONE DAY COMMUNITY GIVE BACK



First Alliance Credit Union is driven by our powerful mission, where our unwavering commitment to giving back to the community lies at the core. All for One Day symbolizes the embodiment of our mission, vision, and values. It's a day where we unite as one to illuminate the path of inspiration, hope, and support for our community.

**Brent Rempe**

President/CEO of First Alliance Credit Union



On this day (October 9, 2023) First Alliance Credit Union collectively completed **200 hours of volunteer time** at local Rochester, MN area non-profits and businesses

- Family Service Rochester
- Jeremiah Program
- Boys and Girls Club
- The Landing
- Women's Shelter
- ALC Garden
- John Marshall High School Gardens
- Hope Coalition

In 2023, First Alliance Credit Union also collectively donated over **\$9,000** to 17 community organizations!



**First Alliance** | FOUNDATION  
CREDIT UNION

## Mission Statement

The First Alliance Credit Union Foundation's mission is to make financial success achievable for all. We believe the key to financial success starts with alleviating financial stress, especially for those communities that have been historically underserved. To that end, we support organizations that seek to relieve the financial stress of those in need but also use innovative, inclusive programs and proven methods to empower individuals by providing them with the financial tools they need to succeed.

**In 2023 the First Alliance Credit Union Foundation made donations to:**

- Boys & Girls Club
- Bear Creek Services
- Jeremiah Program
- Rochester Community & Technical College Foundation
- Family Service Rochester
- Channel One

**Founded in April**

**2022**

**First fundraising event raised**

**\$11,157**

**Total donations made in 2023**

**\$13,000**

**Total donations received**

**\$21,257**

**Join us in strengthening our community.**

**Donate Now**



# MINUTES OF THE 90TH ANNUAL MEETING JUNE 22, 2023

**Call to Order:** Chairperson Hornberg called the 90th Annual Meeting of the members of First Alliance Credit Union to order at 5:00 p.m. The meeting was held at 125 Elton Hills Drive NW, Rochester Minnesota 55901.

**Certificate of Notice:** To whom it may concern: I, Mike DeBolt, do hereby certify that the following notice of the 89th Annual Meeting of the First Alliance Credit Union to be held on June 22, 2023 at 5:00 p.m., at 125 Elton Hills Drive NW, Rochester Minnesota 55901, was mailed to each member:

“The 90th Annual Meeting of First Alliance Credit Union will be held on Thursday, June 22, 2023 at 125 Elton Hills Drive NW, Rochester Minnesota 55901, beginning at 5:00 p.m.”

**Declaration of Quorum:** Mike DeBolt, Secretary, certified that 77 members were present, which constitutes a quorum. Chairperson Hornberg declared the meeting official.

**Roll Call:** Board of Directors: Drennan, DeBolt, Currie, Said, and Hornberg were in attendance. Supervisory Committee: Heldt and Cronin were in attendance. Management Team: Mathias was in attendance.

**Minutes of the 89th Annual Meeting:** Copies of the minutes of the 89th Annual Meeting were given to each member attending this meeting. After review, Chairperson Hornberg called for corrections. It was moved and seconded to approve of the minutes as printed. Motion carried.

**Elections:** Chairperson Hornberg passed control of the meeting to Director Said. The Nominating Committee submitted a nomination to re-elect Julian Currie, Bobbi Olson and Theresa Hornberg to three-year terms, expiring in 2026.

Director Said called for nominations for the Board of Directors from the floor three times. No nominations were received. Nominations were declared closed. The slate of candidates was introduced to the members.

A motion was made and seconded instructing the Secretary to cast a unanimous ballot for the three candidates for the Board of Directors. Motion carried. Elected to the Board of Directors are: Julian Currie, Bobbi Olson, and Theresa Hornberg.

The Nominating Committee submitted Amity Immygen for election to a three-year term expiring in 2026. Vice-Chair DeBolt called for Nominations for the Supervisory Committee from the floor three times. No nominations were received. Nominations were declared closed.

A motion was made and seconded instructing the Secretary to cast a unanimous ballot for the candidate for the Supervisory Committee. Motion carried. Elected to the Supervisory Committee is Amity Immygen.

# MINUTES OF THE 90TH ANNUAL MEETING JUNE 22, 2023

## **Treasurer's Report, Credit Committee Report and the Supervisory Report:**

Chairperson Hornberg advised the members that copies of the Treasurer's Report and the Supervisory Committee Report were included in the Annual Report. After allowing a few moments for review of the reports, Chairperson Hornberg called for questions. A motion was made and seconded to accept the Treasurer's Report and the Supervisory Committee Report. Motion carried.

**Board Compensation:** Vice Chair DeBolt presented a proposal to compensate First Alliance Credit Union's Board and Supervisory committee at the base rate of \$30 an hour with no approval needed for annual cost of living increases and no cap on hours. The proposal was discussed. A yes/no vote was held, and the majority voted yes. Compensation is approved.

**President's Report:** The President gave his report. A motion was made and seconded to accept the President's Report. Motion carried.

**Old Business:** Chairperson Hornberg reviewed the minutes of the 89th Annual Meeting and determined that there was no unfinished business.

**New Business:** Chairperson Hornberg invited questions or comments from the membership. There were no questions or comments brought to the attention of the Board of Directors.

**Adjournment:** A motion was made and seconded to adjourn the meeting at 6:10 p.m. Motion passed.

## **Respectfully Submitted:**

*Theresa Hornberg*

**Theresa Hornberg** | Chairperson

*Mike DeBolt*

**Mike DeBolt** | Vice-Chair

# TREASURER'S REPORT

**Brent Rempe** | *President/CEO*  
*Treasurer of the Board of Directors*

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In 2023, the financial sector was significantly impacted by macroeconomic factors, particularly the rise in interest rates. At First Alliance Credit Union, this led to a slowdown in loan growth due to the increased cost of borrowing, yet it also resulted in higher dividends for our members, making saving at the credit union more advantageous.

The credit union's assets decreased by \$5.5 million from approximately \$288.1 million in 2022 to \$282.6 million in 2023, a decline of about 1.9%. Despite facing the highest federal interest rates in years, First Alliance's loan portfolio showed resilience in 2023, achieving a moderate growth of \$7.5 million, or 3.5%, compared to 2022. This growth underscores our commitment to offering competitive loan rates, innovative products, and superior service to our members. In line with general industry trends, we observed a decrease in deposit balances in 2023 compared to 2022, amounting to a decline of about \$1.3 million.

Ongoing economic pressures did not deter First Alliance from closing the year with a strong bottom line, boasting a 2023 net income of over \$2.53 million. Our overall revenues remained strong and aligned with projected figures, with operating expenses coming in below forecast and interest expenses exceeding forecast due to the higher rate environment. First Alliance maintains a robust capital position, with a net worth ratio of 10.21%. This financial foundation positions us strategically for future growth opportunities.

These achievements, alongside the others included in our 2023 Community Impact Report, speak volumes about the dedication of our 20,000 loyal members, as well as our management, staff, directors, and committee members.

To our valued members, we extend our heartfelt gratitude. Thank you for continuously choosing First Alliance and trusting us as stewards in your financial journey. Your unwavering trust and loyalty are invaluable to us, and we remain deeply grateful. We look forward to fostering our continued relationship and achieving future successes together.

To our devoted board of directors and supervisory committee members, we express our sincere appreciation. Your unwavering commitment to our credit union have been instrumental in ensuring our long-term success. Through your dedication to diversity, inclusion, and empowerment, you have fostered an environment where voices are heard and valued.

To our compassionate management and staff, we extend our heartfelt thanks. Your tireless efforts and commitment to upholding First Alliance's mission, vision, and values to make a positive impact in the lives of our members have not gone unnoticed. Through your innovative approaches and flexibility in adapting to changing circumstances, you have driven our success and positioned us for continued growth.

First Alliance owes its success to each of you, and we recognize the pivotal role you play in the good that is and the good that is yet to be. As we reflect on a successful year, we look forward to the opportunities that lie ahead, knowing that together, we can achieve even more in '24.

All for one!

# SUPERVISORY COMMITTEE REPORT

**Leonard Cronin** | *Chairman of the Supervisory Committee*

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It is the primary responsibility of the Supervisory Committee to ensure the safekeeping of assets for all members of First Alliance Credit Union. In meeting this responsibility, the Supervisory Committee is to determine that internal controls are effective, established policies and procedures are adhered to, industry and governmental accounting practices and regulations are complied with, and there is cooperation with external reporting agencies.

In fulfilling the Supervisory Committee's responsibility in 2023, the accounting firm of Eide Bailly LLP was hired to perform a financial statement audit for the year ending March 31, 2023. As part of their annual audit, member share and loan account balances were verified, and internal controls were tested to ensure the safekeeping of First Alliance Credit Union's assets and the accuracy of the financial statements. Eide Bailly LLP presented their audit findings to a joint meeting of the Board of Directors and the Supervisory Committee on July 25, 2023. Management has responded to the audit findings with making appropriate changes. Eide Bailly LLP issued an unmodified (clean) opinion on the financial statements of First Alliance Credit Union dated March 31, 2023.

During 2023, Cyber Security, BSA and ACH audits were performed along with a review of Commercial Lending and Operations. The audit and review findings and management's responses were presented to the Supervisory Committee as the audits and reviews were completed with quarterly updates to the Board of Directors from the internal auditor on all findings and management's resolution to the findings.

In addition to overseeing the above audits and other external and internal reports, the Supervisory Committee oversees the internal audit department. This includes working with management and the internal auditor in reviewing the policies, procedures and planning to perform audits on various areas of the credit union. The reporting of audit findings and their resolutions to management, the Supervisory Committee and the Board of Directors is done on a quarterly basis. The Supervisory Committee also files with the Minnesota Department of Commerce a semi-annual report on their activities over the prior six-month period.

The Supervisory Committee would like to thank the management and employees of First Alliance Credit Union for their professionalism, cooperation, and assistance during all examinations of the books, records, and systems of First Alliance Credit Union.

2023

# BOARD COMPENSATION

**Our Board of Directors and Supervisory Committee dedicated**

**1,172**

**hours to the credit Union in 2023.**

**A total compensation of**

**\$34,002**

**was paid between 7 board members, an associate board member, and 3 supervisory committee members.**



Building sustainable financial success is critical to the health and happiness of individuals, families, and our communities! Serving on the board of directors of First Alliance Credit Union allows me to personally support, encourage, and champion our staff and members as we strive to achieve that mission of financial success - All for One!

**- Jane Drennan**



I believe a credit union primarily derives its strength from its membership. That is why First Alliance is a thriving institution. Those members deserve accountability and ethical leadership in return for the trust they place in the institution. Serving on the board gives me a seat at the table to ensure the decision makers at First Alliance are serving the membership ethically and with the best interests of the members in mind.

**- Mike DeBolt**



# COMPARATIVE FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL CONDITION AS OF:

|                            | 12/31/23             | 12/31/22             |
|----------------------------|----------------------|----------------------|
| <b>ASSETS</b>              |                      |                      |
| Consumer Personal Loans    | \$124,124,033        | \$122,240,223        |
| Consumer Real Estate Loans | 61,263,587           | 55,150,176           |
| Business Loans             | 37,590,486           | 38,037,785           |
| Deferred Loan Costs        | 1,159,777            | 1,154,354            |
| Allowance for Losses       | (2,064,214)          | (1,441,347)          |
| Cash and Equivalents       | 14,265,121           | 14,350,264           |
| Investments                | 28,874,976           | 42,260,232           |
| Fixed Assets - (net)       | 8,129,913            | 11,704,725           |
| Prepaid Expenses           | 667,956              | 605,420              |
| Other Assets               | 8,562,334            | 4,032,710            |
| <b>Total Assets</b>        | <b>\$282,573,969</b> | <b>\$288,094,542</b> |

## LIABILITIES AND EQUITY

|                                     |                      |                      |
|-------------------------------------|----------------------|----------------------|
| Dividends Payable                   | \$0                  | \$0                  |
| Other Liabilities                   | 10,992,683           | 17,037,406           |
| Share and Club Accounts             | 74,101,294           | 81,347,302           |
| Share Draft Accounts                | 60,776,561           | 61,671,098           |
| Money Market Accounts               | 62,586,121           | 74,639,654           |
| IRA Savings Accounts                | 3,005,657            | 3,868,047            |
| IRA and Share Certificates          | 44,006,489           | 24,291,962           |
| Non-Member Deposits                 | 0                    | 0                    |
| Other Reserves                      | 27,105,164           | 25,239,073           |
| <b>Total Liabilities and Equity</b> | <b>\$282,573,969</b> | <b>\$288,094,542</b> |

# COMPARATIVE FINANCIAL STATEMENTS

## RESULTS OF OPERATIONS FOR THE 12 MONTHS ENDED:

|                                     | 12/31/23            | 12/31/22            |
|-------------------------------------|---------------------|---------------------|
| <b>INTEREST INCOME</b>              |                     |                     |
| Interest-Consumer Personal Loans    | \$8,343,018         | \$6,500,110         |
| Interest-Consumer Real Estate Loans | 3,461,550           | 2,230,739           |
| Interest-Business Loans             | 1,896,531           | 1,695,937           |
| Investment Income                   | 922,582             | 888,040             |
| <b>Total Interest Income</b>        | <b>\$14,623,681</b> | <b>\$11,314,826</b> |
| Interest and Dividend Expense       | 2,955,477           | 620,550             |
| <b>Net Interest Margin</b>          | <b>\$11,668,204</b> | <b>\$10,694,276</b> |
| <br>                                |                     |                     |
| <b>Total Other Operating Income</b> | <b>\$5,877,556</b>  | <b>\$5,229,705</b>  |

## EXPENSES

|                             |                     |                     |
|-----------------------------|---------------------|---------------------|
| Compensation and Benefits   | \$6,389,485         | \$6,353,128         |
| Travel and Conference       | 272,098             | 301,092             |
| Office Occupancy            | 868,525             | 853,232             |
| Office Operations           | 1,432,535           | 1,429,281           |
| Outside Services            | 2,643,514           | 2,450,054           |
| Marketing                   | 632,271             | 680,021             |
| Lending Services            | 1,173,931           | 1,162,855           |
| Other Professional Services | 252,948             | 273,471             |
| Member Insurance            | 0                   | 0                   |
| All Other Expenses          | 251,972             | 279,295             |
| <b>Total Expenses</b>       | <b>\$13,917,279</b> | <b>\$13,782,429</b> |
| <br>                        |                     |                     |
| Provision for Loan Losses   | 1,102,712           | 408,000             |
| <b>Net Income/(Loss)</b>    | <b>\$2,525,769</b>  | <b>\$1,733,552</b>  |



**FirstAlliance**  
CREDIT UNION

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**all for one.**

**507-288-0330 | [firstalliancecu.com](http://firstalliancecu.com)**

Equal Opportunity Lender. Federally insured by **NCUA**