CES Credit Union

You deserve a credit union working for you!

We're your community credit union for all who live, work, worship or attend school in Ashland, Coshocton, Delaware, Holmes, Knox, Licking, Morrow and Richland counties in Ohio

Annual Report for CES Credit Union | Fiscal Year of July 1, 2022 to June 30, 2023

CES Credit Union

Annual Meeting for CES Credit Union

Monday September 25, 2023 | 7:00pm | Virtual

Agenda for the Annual Meeting

- Call to order
- Determination of a Quorum
- Election of members to Board of Directors (by Acclamation)
- Roll Call of Directors
- Reading of the Minutes of
  September 26, 2022 (Virtual) Meeting
- Meeting Reports:
  Treasurer: George Warden
  CEO: Sandy Coffing
  Board of Directors: Jeff Wells
- Unfinished Business
- New Business
- Adjournment

Minutes from CES Credit Union's Annual Meeting | September 26, 2022

The Annual Meeting was held virtually.

1. Call to order.
2. There were 77 members present: This number was well within the requirement for a quorum.
3. Jeff Wells, Margaret Ann Ruhl and Kim Fearn were the candidates for the Board of Directors that were elected by acclamation.
4. Jeff Wells introduced the Board of Directors.
5. By acclamation to dispense with the reading of the 2021 Minutes.
6. Treasurer, George Warden presented the treasurers report.
7. CEO, Sandy Coffing, presented her report.
8. Chairman of the Board, Jeff Wells, presented his report.
9. There was no unfinished business.
10. With no further business, the meeting was adjourned.

The CES Credit Union Mission Statement:

CES Credit Union is dedicated to the financial success of our members and the communities we serve.

On the cover: We celebrate the eight counties we serve in our primary market area.
Ashland County: Canoes stacked along the Mohican River ready for action
Coshocton County: Flags cascade over the brick sidewalks of Roscoe Village
Delaware County: Practice never stops for the Little Brown Jug at the Delaware County Fair
Holmes County: Round hay bales on a hillside near Millersburg
Knox County: A country lane to an eastern Knox County farmstead
Licking County: Construction at the $20B Intel Ohio One site in May 2023 (Intel)
Morrow County: Monument at Mount Gilead town center
Richland County: The stonework of Ohio State Reformatory, one of the county's most popular tourist attractions.

You'll find CES Credit Union all throughout the communities we serve. Starting in mid 2022, we were able to get out into the community more, and the employees embraced those opportunities. Here's just a few photos of the events from the past year. Our Member Appreciation Program was finally back in 2023.

* In May 2023, after a tour of Ohio Stadium, we were honored to have former Ohio First Lady Hope Taft speak with our tour group about the Governor's Home & gardens and her family's time there.

Welcome from the Chair of the Board of Directors of CES Credit Union

September 25, 2023

To All CES Credit Union Members,

Hello everyone and I would like to welcome you once again to the CES Credit Union Annual meeting. This is my favorite time of year where the sky is so clear and blue, the nights are cool, and we get together to share the performance of your credit union with you. We've had another very successful year and operations are going well as you'll see in our reports. We're continuing to grow in virtually every category while remaining financially strong. So, sit back and relax while we update you on the performance of your credit union.

Nationally, the last 12 months have been very challenging. Rising inflation driving the costs up on virtually everything you buy, interest rate increases, real estate values rising, and supply shortages of things like cars and trucks have made it difficult for everyone. Despite all these issues affecting our day-to-day lives, your credit union has been working diligently to do what it can to expand and improve our products and services to help improve your financial well-being. Enhanced on-line and mobile banking services to improve access to your accounts. We've increased our loan offerings including moving into small business lending. The numbers for the last year tell us that you, the members, are taking advantage of these. In FY 2022-2023:

- Number of accounts up by 2.5%
- Loans up by 21.4%
- Assets up by 1.17%
- Net income last year of just under $1.8M

As we continue to make changes, I urge you to visit our website at **cescu.com**, or come in to one of our service centers to find out what we can do for you. As a member/owner, just to remind you, for convenience, we have 6 fully operational branch offices located in 5 towns, and in 5 counties open 6 days a week. We also have 7 outlying ATMs and 6 more located at the service centers open 24 hours a day, 7 days a week. You can find all their locations on our website. Membership is also available for people living, working, worshipping, or attending school in 8 Ohio counties that include:

- Ashland County
- Coshocton County
- Delaware County
- Holmes County
- Knox County
- Licking County
- Morrow County
- Richland County

As always, we look forward to continuing to serve our growing membership, and their continued success.

Sincerely Yours

Jeff Wells

The CES Credit Union Board of Directors:

The Board of Directors Board ensures the finances of the credit union are handled properly; approves and monitors the annual budget; ensures compliance with applicable legislation; establishes and monitors financial policies and practices. This is a volunteer (uncompensated) position and is critical to the success of the financial cooperative.

- **Teresa Bemiller** | Board Secretary | Knox County (OH) Commissioner | Mount Vernon, OH
- **Jason Booth** | County Administrator, Knox County | Mount Vernon, OH
- **Kim Fearn** | Retired, Siemens | Fredericktown, OH

- **Candice Gallagher** | Fredericktown School Board and Retired Educator | Fredericktown, OH
- **Larry Hatton** | Retired, Director of Emergency Management and Homeland Security, Knox County | Mount Vernon, OH
- **Michael Gray** | Educator & Coach, River View Local Schools | Coshocton, OH

- **Margaret Ann Ruhl** | Board Vice Chair | Retired, Ohio Senate & Ohio House of Representatives | Fredericktown, OH
- **George Warden** | Board Treasurer | Small Business Owner | Delaware, OH
- **Jeff Wells** | Board Chair | Retired, Siemens | Mount Vernon, OH

CES Credit Union

Asset and Liability Statement for Fiscal Year 2022-2023

(Fiscal Year runs from July 1 to June 30)

ASSETS	June 2023	June 2022	June 2021	June 2020	June 2019
Cash and Cash Equivalents	$12,059,673	$6,731,303	$15,978,369	$14,188,700	$10,469,088
Investments	$78,769,180	$102,786,220	$78,377,200	$58,363,200	$46,089,200
Loans to Members - less allowance for loan losses	$115,519,185	$94,738,690	$89,590,284	$84,386,817	$84,209,520
Other Real Estate Owned	$-	$-	$-	$-	$-
Property and Equipment - Net	$2,095,035	$2,105,839	$2,146,664	$2,260,574	$2,317,210
Other Assets	$7,700,320	$7,360,778	$7,130,049	$4,812,106	$4,707,647
Total Assets	$216,143,393	$213,722,830	$193,222,566	$164,011,397	$147,792,665
LIABILITIES AND MEMBERS' EQUITY					
Member Share Accounts	$194,844,670	$193,127,300	$173,913,768	$146,163,545	$131,900,003
Notes Payable	$-	$-	$-	$-	$-
Accounts Payable and Accrued Liabilities	$1,166,347	$874,540	$787,353	$697,431	$590,891
Total Liabilities	$196,011,017	$194,001,840	$174,701,121	$146,860,976	$132,490,894
Statutory Reserve	$2,102,834	$2,102,834	$2,102,834	$2,102,834	$2,102,834
Undivided Earnings	$19,282,891	$17,513,100	$16,418,611	$15,047,587	$13,198,937
Equity Acquired in Merger	$-	$105,056	$-	$-	$-
Unrealized Gain on Investments	(1,358,405)	$-	$-	$-	$-
Total Members' Equity	$20,132,376	$19,720,990	$18,521,445	$17,150,421	$15,301,771
Total Liabilities and Members' Equity	$216,143,393	$213,722,830	$193,222,566	$164,011,397	$147,792,665

Financial Disclosure: The June 30, 2023 financial statements presented with this annual report were prepared by the management of the credit union. The Board of Directors of CES Credit Union engages the services of Lillie and Company to perform an audit of the credit union's financial statements each year. The most recent audited financial statements as of June 30, 2023 are available upon request.

Profit and Loss Statement for Fiscal Year 2022-2023

(Fiscal Year runs from July 1 to June 30)

	June 2023	June 2022	June 2021	June 2020	June 2019
Gross Income	$9,143,045	$7,591,946	$7,310,121	$7,815,373	$8,060,978
Less: Expenses & Dividends	(7,373,254)	$(6,497,457)	$(5,939,097)	$(5,966,723)	$(5,957,767)
Comprehensive Income	$1,769,791	$1,094,489	$1,371,024	$1,848,650	$2,103,211
Total Interest Income	$6,250,123	$4,578,900	$4,557,836	$5,061,792	$4,913,135
Total Dividends & Interest Expense	(256,922)	$(135,284)	$(136,930)	$(125,872)	$(105,515)
Provision for Loan Loss	(73,206)	$(85,068)	$7,990	$(158,604)	$(337,776)
Non Interest Income	$3,150,797	$3,013,046	$2,752,285	$2,753,581	$3,150,249
Non Interest Expense	(7,043,126)	$(6,277,105)	$(5,810,157)	$(5,682,247)	$(5,514,476)
Change in Unrealized Gain	(257,875)	$-	$-	$-	$(2,406)
Comprehensive Income	$1,769,791	$1,094,489	$1,371,024	$1,848,650	$2,103,211

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Statistical Report for Fiscal Year 2022-2023

(Fiscal Year runs from July 1 to June 30)

	June 2023	June 2022	June 2021	June 2020	June 2019
Total Members	17,076	16,592	15,944	15,751	15,817
Number of Member Loans Granted	2,493	2,167	2,209	1,688	2,298
Amount of Member Loans Granted	$50,182,529	$36,474,588	$37,285,466	$28,263,247	$ 25,370,417
Dividends Paid to Members	$175,494	$135,285	$136,836	$125,872	$ 105,517
Visa Debit Card Holders (Number)	10,095	9,961	9,718	9,247	9,072
Visa Credit Card Holders (Number)	4,191	4,170	4,196	3,951	3,249

A Quick Recap of 2022 to 2023...

CES Credit Union

Fiscal Year (FY) 2022-2023 (running July 1, 2022 to June 30, 2023) has been a successful year for CES Credit Union as we finally shook off most of the lingering issues from the pandemic. However, there were different regional and national issues that changed consumer behaviors. Consumers saw more choices in vehicles as the supply chain issues diminished, yet inflation was taking a considerable toll on personal and household budgets. Pent-up consumer demand still had CES Credit Union members borrowing, but there was a definitive switch away from home refinancing as interest rates lurched upward. The housing market (and mortgage lending) in Central Ohio still remains tight, as demand significantly outpaces supply, driving up prices. For the last several years, our members have continued to pay down their debt at a more rapid pace than seen prior to the pandemic's start in 2020.

The years of the pandemic pushed many members into drive-thrus, ATMs and electronic banking technology. As Digital Wallet (made up of Google Pay, Apple Pay and Samsung Pay) was picking up in usage in 2022 and 2023, use of Remote Deposit Capture of checks grew as easy-to-use alternatives to the traditional lobby visit. However, we find the members of CES Credit Union still enjoy visiting our service centers for friendly service, warm smiles, genuine concern and prompt, accurate transactions and lending requests. That personal connection sets us apart from our banking competitors and we treasure those relationships.

The market area of our eight county region of Ashland, Coshocton, Delaware, Holmes, Knox, Licking, Morrow and Richland counties is among the hottest housing and employment markets not just in Ohio, but in the entire Midwest. Following the major announcement from Intel in January 2022, soil is being moved and steel is going up at their manufacturing center in NE Licking County. Major players like Amazon, Google and Facebook are following with billions of investments in the region. This evolving change will impact local and regional business climate and our way of life in ways we are still trying to grasp. The board and management of CES Credit Union is always evaluating and studying how to best position the credit union for future growth as new competitors and challenges arise.

The flight of member dollars into savings has settled down significantly in the last year as consumers are forced to adjust for inflation and increased costs for necessities like groceries, gas, electricity and heat. Our members' Total Shares (deposits) had almost no growth in FY 2022-2023, compared to growth of just over 11% in FY 2021-2022 and a whopping 19% growth in FY 2020-21. Meanwhile, total net loans (in dollars) grew a robust 21.9% in FY 2022-2023, up from just under the 6% growth in the prior FY. The number of loans granted in FY 2022-2023 jumped as well, up 15% over the prior FY. Apparently, our members have a greater confidence to borrow.

Home loan refinancing has slowed considerably due to higher mortgages interest rates (although the rates are seeminlgly not hampering home purchases and the borrowing for those purchases). Rising interest rates and greater demand for loans pushed CES Credit Union's Total Interest Income for FY 2022-2023 up over 36% compared to the prior FY.

Continued profitable operations and expense controls helped CES build a stronger Net Worth-to-Asset Ratio (the primary measure of a credit union's financial strength, also known as the Capital Ratio). As of June 30, 2023, the end of FY 2022-2023, this ratio checked in at 9.92; up from 9.21 as of 6/30/2022 and higher than 6/30/2021's numbers also.

CES Credit Union's overall loan delinquency numbers remain very low in comparison to state and national figures as of 6/30/2023 (NCUA.gov). Sound lending and thorough follow-up from our Payment Solutions team place us in very good shape - especially as inflation creeps up.

Consumers in the Coshocton County market have shown a warm acceptance to CES Credit Union following the 2021 merger with Coshocton Federal Credit Union. The opening of the new CES location in Coshocton at 700 South Second St. in 2021 started a wave of new members and businesses that Service Center Manager Karen Wright and her staff enjoy helping. New loan applications of all types steadily flow into the new service center.

More recently, CES Credit Union has developed Small Business Lending and Investment Property Lending (for 1-4 unit, non-owner occupied dwellings) beginning in the third quarter of 2023. For some time, the membership of the credit union has been asking for options for credit union financing into these arenas. After significant behind-the-scenes work on plans, policies and procedures, CES Credit Union now brings these borrowing options to the members. Consult with your CES Credit Union lender if you have any questions. As always, loans are subject to credit qualifications.

CES Credit Union

Corporate Mailing Address:
PO Box 631
Mount Vernon, Ohio 43050

Service Center Locations:

Coshocton, OH:
- 700 South Second St. | 740.623.0527

Delaware, Ohio:
- 33 London Road | 740.363.8118

Loudonville, Ohio:
- 3030 State Route 3 So. | 567.203.5443

Mount Vernon, Ohio:
- 400 W Chestnut Street | 740.397.1136
- 1215 Yauger Road | 740.397.1136

Utica, Ohio:
- 8 N. Main St. - St. Rt. 13 | 740.892.3323

Website & Phone

www.cescu.com
740.397.1136 or 888.397.1136

CES Credit Union is federally insured by NCUA.

Your savings federally insured to at least $250,000 and backed by the full faith and credit of the United States Government
NCUA
National Credit Union Administration, a U.S. Government Agency

Alliance One

EQUAL HOUSING OPPORTUNITY

CO-OP SHARED BRANCH

ATM Locations:

Coshocton:
- 700 S. Second St.

Delaware:
- 33 London Road

Fredericktown:
- Fredericktown Marathon, Zolman Rd. near St. Rt. 95 & Salem Av.

Loudonville:
- 3030 State Route 3, by Mohican Gen. Store

Mount Vernon:
- 400 West Chestnut Street
- 1215 Yauger Road
- Lannings' Market (inside), 1033 Newark Rd
- Knox Co. Service Center (lobby), 117 E. High
- Harcourt Road/SR 3 & US 36, Drive-Up (between GM of Mount Vernon & Mathews CDJR dealerships)
- Gault's Cleaners, 855 Coshocton Av.

Newark:
- Red Oak Pub (inside), 250 Goose Pond Rd. off N. 21st St., by WalMart

Utica:
- 8 N. Main St., St. Rt. 13 by Post Office
- Velvet's Ye Olde Mill Restaurant (inside, during open hours, May-Oct.), 11324 Mount Vernon Rd. NE, St. Rt. 13

The CES Credit Union Management Team & Lending Team:

CES Credit Union

Sandy Coffing | President, Chief Executive Officer
Mike Copley | Chief Operations Officer
Tracy Morgan | Chief Lending Officer
Karen Bell | Chief Compliance Officer
Matthew Smith | Chief Information Officer
Jamie Forster | Chief Financial Officer (not pictured)

Eydie Glasstetter | Vice President, Human Resources
Tammy Lahmon | Manager, Payment Solutions
Leslie Schutte | Operations Manager
Colleen Kelly | Service Center Manager, Chestnut St. (Mount Vernon)
Karen Wright | Service Center Manager, Coshocton

Lynette Piper | Service Center Manager, Loudonville
Lisa Clark | Service Center Manager, Delaware
Tina Cornella | Service Center Manager, Utica
R. Kirk Scott | Service Center Manager, Yauger Road (Mount Vernon)
Sarah Bridges | Training Manager

Lisa Lahmon | Senior Loan Officer, Yauger Road Service Center
Ben Menke | Mortgage Lender
Colleen Myer | Lender, Chestnut St. Service Center
Linda Yarman | Lender, Yauger Road Service Center
James McLaughlin | Marketing Director

Looking forward...

Back in 1952, a few factory workers with an old cigar box and a little cash had some lofty dreams. They pooled their money and started the Cooper-Bessemer Employees Federal Credit Union to serve a few fellow workers that were struggling and the banks just overlooked. The first ever loan was to help an employee buy coal to heat his home through an Ohio winter. After all, credit unions were built on the idea of helping people through tough times.

Now, 71 years later, CES Credit Union provides valuable financial services to all who live, work, worship or attend school in the counties of Ashland, Coshocton, Delaware, Holmes, Knox, Licking, Morrow and Richland here in the heartland of Ohio. CES Credit Union is a community-based credit union dedicated to helping members navigate through life's financial challenges and build a plan for future success. CES is not-for-profit, so you can expect better rates and lower fees than most "for-profit" providers.

Much of this annual report is a look back. Here, we take a look forward. The Board and management of CES Credit Union continually analyzes what the impact of Intel's $20B investment just down the road in Licking County will be, especially as other major players like Google are also expanding into Central Ohio. Meanwhile, the former Cooper/Siemens campus in Mount Vernon (across Chestnut Street from our first CES service center) is growing with more tenants. Unprecedented economic development brings opportunities and challenges, and CES Credit Union is poised economically to grow in our established markets. We also look to grow where the best opportunity will be that fits our culture and our strategic plan. Meanwhile, plans for updates to the Yauger Road service center (opened over 27 years ago) are also in the works.

On a consistent basis, all of us here at CES Credit Union are planning, training and communicating our security and safety techniques, marketing trends, compliance concerns and technology updates. The last decade has seen amazing growth, and we will continue to do "the right things" that got us this far. Of course, we will always aim to be better.

The employees at CES Credit Union love to share real, down-to-earth success stories with each other. The energy is palpable that comes from emails or internal acknowledgements to an employee who went above and beyond for a customer, co-worker or someone just needing assistance. Those large and small acts of kindness are often unnoticed in larger organizations. At CES Credit Union, those moments of connection, empathy and understanding - served with a solution and a smile - are celebrated.

In a dog-eat-dog corporate world, credit union's like CES Credit Union are dramatically different. We mean it when we say "you deserve a credit union working for you". Everyone deserves fairness, honesty, security and prompt, professional service with technology and conveniences that work. That is our goal here at CES Credit Union.