

# ANNUAL REPORT 2023



# LETTER TO OUR MEMBERS

To the Member-Owners of Downeast Credit Union:

Thank you for supporting your member-owned credit union. First and foremost, your Board of Directors, Leadership Team, and Team Members' purpose is to serve each of you and our communities, which we continue to do very well.

As we all know, borrowing costs have increased considerably over the past couple of years, adding a burden to our borrowers. At the same time, our savers are being rewarded for their hard-earned life savings and are finally earning a higher and fair return.

The Federal Open Market Committee began increasing interest rates on March 17, 2022, with its last increase on July 26, 2023, a cumulative change of 5.25% in a sixteen-month period. This was the steepest and largest increase since 1983.

Your credit union's deposits will reprice almost immediately while loans will take many years to reprice (think about your 30-year mortgage). This spike in interest rates resulted in our members' dividends increasing to \$3.6 million from the prior year's \$1.0 million, a \$2.6 million increase.

Your credit union's net profit after all expenses and payout of dividends dropped from \$3.3 million in 2022 to \$1.0 million in 2023; a decline of \$2.3 million. As you can see, the immediate increase in dividends directly impacted our overall profit.

Nevertheless, your credit union continues to operate with a strong balance sheet, ending the year with a very healthy 10% capital to assets ratio. Our regulators consider 7% to be well-capitalized. Your credit union has \$26.5 million in retained earnings while managing \$265 million in assets. Downeast Credit Union is a very strong community lender and deposit institution.

Over the past few years, we have implemented the following changes:

- 1) Reduced overdraft fees from \$35 to \$15
- 2) Waived overdraft privilege fees for transactions less than \$15
- 3) Eliminated the \$5 maintenance fee
- 4) Eliminated the \$5 dormant fee
- 5) Eliminated the \$5 overdraft transfer fee
- 6) Implemented free checking
- 7) Reduced Peer-To-Peer & Account-To-Account transfer fees to \$0
- 8) Implemented relationship pricing – ½ a percent off most mortgage and consumer loans.

The elimination and reduction in fees have put many hundreds of thousands of dollars each year back into our members' pockets – strengthening our members' financial well-being. We take our responsibility seriously.

In closing, your volunteer Board of Directors, elected by you, will continue to ensure you are being well-served and valued.

Respectively,

**Mason R. Pottle**  
*Chairman of the Board*

**Joseph A. Moses, MBA | CCUE | CUERME**  
*President/CEO*

# FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL CONDITION - UNAUDITED

ASSETS		2023	2022
Loans to Members, Net	\$	223,017,306	221,174,800
Cash		7,035,897	8,682,982
Investments		13,639,085	14,802,795
Premises and Equipment		8,111,346	8,221,218
Other Assets		13,174,003	11,143,333
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>264,977,637</b>	<b>264,025,129</b>
<b>LIABILITIES &amp; EQUITY</b>			
<b>LIABILITIES</b>			
Accounts Payable and Accrued Expenses	\$	3,317,759	3,468,412
Due to Other Financial Institutions		-	-
<b>TOTAL LIABILITIES</b>		<b>3,317,759</b>	<b>3,468,412</b>
<b>EQUITY</b>			
Member & Nonmember Deposits	\$	235,150,222	232,821,361
Regular Reserves, Undivided Earnings, & Other Equity		26,509,656	27,735,356
<b>TOTAL EQUITY</b>	<b>\$</b>	<b>261,659,878</b>	<b>260,556,716</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$</b>	<b>264,977,637</b>	<b>264,025,129</b>

## STATEMENT OF INCOME - UNAUDITED

Interest on Loans	\$	11,305,236	9,486,526
Interest on Investments		725,409	218,383
Less: Total Interest & Dividend Expense		3,632,989	1,044,797
Less: Provision for Loan Losses		202,745	(666,944)
Net Interest Income after Provision		8,194,911	9,327,055
Fee & Other Income		5,798,161	6,383,265
Operating Expenses			
Wages & Benefits	\$	7,327,933	6,996,129
Travel & Conference		69,218	54,405
Office Occupancy		1,051,689	795,487
Office Operations		2,227,206	2,297,602
Educational & Promotional		281,000	243,677
Loan Servicing		1,487,334	1,239,029
Professional Services		388,537	316,916
Operating Fees		17,044	15,338
Miscellaneous		46,960	179,572
Total Operating Expenses	\$	12,896,922	12,138,155
Less: Net Income Attributable to Noncontrolling Interests		47,709	198,577
<b>NET INCOME</b>	<b>\$</b>	<b>1,048,442</b>	<b>3,373,589</b>

Our vision is not only to enhance the wealth of our Members, but also to enhance the communities we serve. In 2023, Downeast Credit Union supported over 60 organizations and causes including:

# COMMUNITY ORGANIZATIONS

Alzheimer's Association, Bangor Humane Society, Belfast Farmer's Market, Belfast Harbor Fest, Calais American Legion, Celebrate Bowdoinham, Crush Cancer 5K, Emmanuel Baptist Church, Empty Arms Remembrance Walk, Habitat for Humanity Waldo County, Keeping Belfast Maine Beautiful, Machias Chamber of Commerce, Machias Historical Society Margarettta Days, Maine Masonic Charitable Foundation, Maine National Barrel Horse Association, Princeton Rod & Gun Club, St. Croix Valley Chamber of Commerce, Thorndike Days, Topsham Fair, Town of Baileyville, Unity Rotary Club for Waldo County Woodshed, and Washington County Fair.

# ENDING HUNGER

Bowdoinham Food Pantry, Good Shepherd Food Bank, Friends Helping Bowdoin Food Pantry, Jackson Food Pantry, No Greater Love Food Pantry, Richmond Food Pantry, Woodland Food Pantry, and Irene Chadbourne Ecumenical Food Pantry.

# YOUTH ACTIVITIES

Belfast High School, Belfast YMCA, Big Brothers Big Sisters of Mid Maine, Calais Elementary School, Calais High School, Calais Little League, Central High School Project Graduation, Children's Miracle Network, Machias Girl Scouts, Machias High School Cheerleaders, Marcia Buker Parent Teacher Group, Princeton Elementary School, Princeton Parks & Recreation, Richmond High School Boosters, Richmond Middle/High School, Richmond Police Dept. Bike Rodeo, Washington Academy Softball, Topsham Parks & Recreation, Troy Howard Middle School, Woodland Elementary School, and Woodland Parks and Recreation.

