

# ANNUAL REPORT



**2022**

A background image showing a person's hands typing on a laptop keyboard. The laptop screen displays various business charts, including a bar chart, a pie chart, and a line graph. A small green alarm clock is visible on the desk next to the laptop. The image is partially covered by a dark blue curved shape at the bottom.

# BUSINESS AGENDA

- I. Call to Order**
- II. Determination of Quorum**
- III. Approval of the 86th Annual Meeting Minutes**
- IV. Chairman's Report**
- V. Credit Manager's Report**
- VI. Supervisory Committee's Report**
- VII. Treasurer's Report**
- VIII. Unfinished business**
- IX. Election of Directors**
- X. President's Report**
- XI. Prizes**
- XII. Adjournment**

## **Minutes of the 86th Annual Meeting of Shareholders**

### **Welcome and Introduction**

The Shareholders of Cooperative Choice Network Credit Union met at 3927 N. University Street, Suite C, Peoria, IL pursuant to written notice. The members and guests in attendance were welcomed by Chairman, Art Rohman. Chairman Rohman mentioned the credit union had another great year for the credit union despite the COVID-19 pandemic. The credit union maintained committed to offering higher than average rates to savers and lower rates to borrowers, even with the inflation rate near record highs and treasury rates close to zero. Additional Board Members in person were introduced: John Machens, Steve Friedman, Lou McMurray, Alex Prather, Michelle Cramer and Jada Warmick. Credit Union Officers present and introduced were Joe Webb, Katie Fehl, and Julie Hoffman. Chairman Rohman announced that after 10 years of volunteering on the board of directors, Kathy Rennick was stepping down as a current board member.

### **Call to Order**

The 86th annual meeting was called to order at 4:02PM, March 15, 2022, at 3927 N. University St., Suite C., Peoria, IL by Chairman Rohman.

### **Declaration of Legal Meeting**

Secretary Steve Friedman reported that according to the bylaws a quorum of 20 members is required. We have 31 members present. We also have of 20,451,682 OF 29,968,718 or 68% of member shares outstanding represented in person or by proxy. Therefore, it was declared a legal meeting.

### **Adoption of an Agenda for the Business Meeting Portion of this meeting**

There is a proposed agenda printed and included in the annual report. There was a motion from the floor to accept the printed business agenda. There was a second from the floor. Motion carried.

### **Reading of the minutes for last year's annual meeting**

The minutes of last year's meeting were printed and distributed with the program. There was a motion from the floor to dispense with the reading of those minutes and approve as printed. There was a second from the floor. Motion carried.

### **Board Chairman's Report Art Rohman, Board Chair**

The Chairman's complete report is printed in the report distributed. Chairman Rohman mentioned the credit union's partnership with the CULS participation loans program. This program allows the credit union to purchase partial loans to help increase the credit union's outstanding loan balances and interest income. Also this year, the credit union also added fixed rate home equity loans up to 10 years and added a new ATM in the new OSF office building located downtown on Adams Street. Chairman Rohman also mentioned the staff's constant training on fraud and new cyber security software for all credit union computers to help keep all member data safe.

### **Credit Manager's Report- John Machens, Credit Manager**

A full written report was submitted and printed in the distributed report. Our indirect loan program now includes 47 dealerships. Over 704 members have used the convenient service with \$12.1 million in indirect lending. Our lending concentration is 73% in auto, 12% Real Estate, 4% Credit Cards, and 11% Unsecured. Credit Manager Machens noted that an additional \$6 million in outstanding loans came from the new CULS program mentioned by Chairman Rohman. Credit Manager Machens recognized the lending staff at the credit union for their work and assistance to members.

### **Supervisory Committee Report- Alex Prather, Supervisory Committee Member**

A written report has been submitted and is included in the report distributed. Our annual audit performed by the CPA firm of Selden Fox, LLC as of December 31, 2021 did not identify any areas of deficiencies considered a material weakness in internal controls. The independent accounting firm conducts the annual audit as well as the required BSA audit and Supervisory Audit. The VP of Compliance and Risk Management, Julie Hoffman provides monthly reports to the Board of Directors on behalf of the Supervisory Committee. Neither of our regulators, the Illinois Department of Financial and Professional Regulation or NCUA conducted an exam. Their last exam was in 2020 and are typically performed every 18 to 24 months.

### **Treasurer's Report- Steve Friedman on behalf of the Treasurer- Steve Jennings**

A written report was submitted and printed in the Annual Report distributed. The credit union ended the year with \$169 million in assets, a growth of almost \$15 million. \$147 million in member shares, \$80 million in outstanding loans. The credit union remains well capitalized at 12.67% net worth. The year finished with a net income of over \$882 thousand. The financials of the credit union are reviewed monthly to watch for any new trends that may need to be addressed to continue to protect each member's assets.

Motion from the floor to accept the reports. There was a second. Motion carried.

### **Unfinished/New Business - NONE**

### **Election of Directors -Nominating Committee Chair John Machens**

In accordance with the bylaws, three nominees were presented to fill three-year terms. The nominees were Lou McMurray, Steve Friedman and Michelle Cramer. Also, nomination to fill the vacant position, Chris Roedell to complete the vacant term from 2022-2024. In accordance with the bylaws, the secretary shall cast a unanimous ballot for the slate of nominees. 20,451,682 voting shares presented in person or by proxy for each nominee was cast and it was declared they were elected as directors. All Board Members will take their Oath of Office at the Credit Union's organizational meeting, which takes place immediately after the membership meeting.

### **Report from CEO/President- Joe Webb**

Joe thanked everyone for attending. Last year still had several challenges surrounding the COVID-19 pandemic and the major changes to the economy. Inflation has started to drive up operational cost for the credit union. To stay competitive the credit union has increase salaries for staff; assuring that we retain the excellent staff our members have grown to expect. Net income was affected by money received for NCUA as part of their distribution for the Members United Corporate CU liquidation in 2010. President Webb thanked the members for all of their years of loyalty. The credit union is grateful to have such an experienced insightful Board of Directors and Staff.

### **Prize Distribution**

A quick game of Bingo was played for prizes.

### **Adjournment**

There was a motion from the floor and a second to adjourn. Motion approved unanimously. Meeting adjourned at 4:38 PM.

# REPORT TO MEMBERS

On behalf of the Board of Directors of Cooperative Choice Network Credit Union, I would like to welcome our members and guests to our Eighty-Seventh Annual Meeting. This meeting is designed to provide you with an insight of your Credit Union's financial performance for 2022 and an opportunity to meet some of your elected volunteers. We would also like to consider it an excellent occasion to thank you – the member-owner for the success of our credit union. Thank you for your continued support as we celebrate 87 years.

	2022	2021
Assets	\$ 176,449,588	\$ 169,089,377
Savings	\$ 151,631,783	\$ 147,265,276
Loans	\$ 96,953,688	\$ 80,917,873
Reserves	\$ 19,956,749	\$ 21,019,386

2022 was another eventful year for your credit union. The Federal Reserve's aggressive approach to interest rate increases has created many interesting challenges and opportunities. With the increased rates, the credit union is now offering higher Dividend rates and Share Certificate rates than we have in years. The Federal Reserve is attempting to slow down our economy and inflation rates. The Fed rate increases has caused the credit union to increase our loan rates as well. Despite all the interest rates fluctuations, we have made it our priority to offer the best competitive interest rates to all our members; both the borrower and savers.

Like many companies and individuals, CCNCU puts a high priority on protecting data from the threats of cyber security. In 2022, the credit union increased our cyber security protection by upgrading all of our computers to the latest antivirus software. We spend a lot of time and resources training the Credit Union staff on the latest trends so that we are always cognitive of situations that appear suspicious. Furthermore, we run vulnerability tests on all of our external and internal information systems, always assuring that our member's sensitive information is as safe as possible.

The Credit Union continually supports The Children's Miracle Network, Easter Seals, Toys for Tots, Moms Who Care, St. Jude, CU House, ICU Foundation, and Komen's Race for the Cure.

For the Board of Directors,  
Arthur J. Rohman, Chairman of the Board



# REPORT OF CREDIT MANAGER

Cooperative Choice Network Credit Union remains committed to increasing our number of outstanding loans and amounts borrowed each year. We pride ourselves on having competitive interest rates for all of our loan products. Our commitment to offering loan products at great rates has helped the Credit Union's loan portfolio continue to grow in 2022 to over \$90 million dollars.

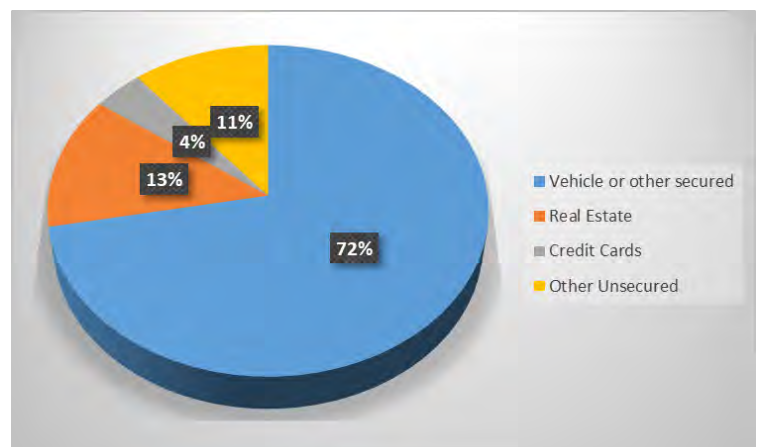
In 2022, the Credit Union offered a promotional rate of 2.99% on our 10-year Fixed Home Equity for the months of March and April. We saw during that timeframe an outstanding number of members take advantage of this rate as mortgage rates were beginning to rise nationally. We saw our Fixed Rate Home Equity portfolio increase to over \$4.6 million dollars for the year largely in part to our rates and our excellent member service.

The Credit Union increased our indirect lending relationships to 49 different automobile dealerships throughout Central Illinois. These relationships help ease the process of purchasing a new and/or used vehicles for our members. With the continuous increase to automobile rates throughout the year we remained competitive with our loan rates that helped grow our automobile portfolio in 2022 directly and indirectly. We saw an increase of \$2 million to our indirect new vehicle loans and \$1.7 million in our indirect used automobiles. While our direct new/used automobiles increased \$3.5 million for the year.

At the end of 2022, we had over 9,400 loans representing a total outstanding loan balance of \$97 million net of allowance for loan losses, an approximate increase of \$15.8 million from 2021. 72% of outstanding loan balances are vehicle and other secured. Real estate makes up 13%, credit cards are 4%, and other unsecured are 11%.

On behalf of the Lending Department and myself, thank you for allowing us to serve you and your lending needs in 2022.

Respectfully Submitted,  
John Machens, Credit Manager





# REPORT OF SUPERVISORY COMMITTEE

The Supervisory Committee is a volunteer committee comprised of Cooperative Choice Network Credit Union members and/or Board Members. The committee is appointed by the Board of Directors. The committee is responsible for ensuring the soundness of the credit union operations, safety of the members' deposits, and the fairness and legality of credit union policies and compliance with applicable state and federal regulations. Our 2022 Supervisory Committee was comprised of John German, Michelle Cramer, Alex Prather, and myself, Dennis Koch.

The committee fulfills their duties by attending meetings and overseeing internal reviews of the operations, account records and controls at Cooperative Choice Network Credit Union. In addition, we work closely with the Credit Union's Risk Management staff, our external auditors, and state and federal regulators. The Illinois Department of Financial and Professional Regulation (IDFPR) conducted a statutory examination of the books and records as of June 30, 2022. The committee must make or cause to be made an annual audit. The Committee selected the accounting firm of Selden Fox, Ltd with proven knowledge of credit union operations. The CPA firm performed the annual external audit combined with the annual Supervisory Audit as of December 31, 2022. The committee then works with the Board and Management to address any areas of concern identified by the audit. The audits did not identify any areas of deficiencies in internal control that were considered to be material weaknesses.

It is the opinion of this Committee that Cooperative Choice Network Credit Union records are satisfactory and that the policies and procedures set by the Board of Directors and management are being followed. The enclosed financial statement fairly represents Cooperative Choice Network Credit Union's audited financial position and results of operations for the year ending December 31, 2022.

In 2022, Cooperative Choice Network Credit Union established a relationship with Verafin to modernize our reviews. This system will allow us to identify gaps in our current controls. In addition, the credit union has incorporated CUNA's Compliance Management System to keep us informed of new requirements and regulatory changes. The credit union actively detects, deters, and mitigates the risks that are associated with protecting your personal information from exposure.

On behalf of myself and the other members of the Supervisory Committee, from the CU Board after it has been our pleasure to serve you.

Respectfully Submitted,

Dennis Koch, Chairperson



# REPORT OF THE TREASURER

In 2022, the Credit Union finished the year with Total Assets over \$176 million. Members continue to choose our CCNCU as a safe place to save their money. Total deposits grew again in 2022 to over \$151 million, a 2.9% growth from 2021. For the first time in our Credit Union's history, we acquired non-member deposits totaling just over \$7 million. This was to help us overcome liquidity concerns due to higher than expected Treasury rates. Members also continue to choose our Credit Union as a reliable place to borrow money. Net Loans Outstanding grew to over \$96 million, a 19.8% growth from 2021.

The Credit Union ended 2022 with a positive Net Income just over \$489 thousand. Half of our income in 2022 came from additional distributions made by the National Credit Union Administration (NCUA). This distribution was additional reimbursement for the 2010 liquidation of Members United Corporate Federal Credit Union, which Credit Unions nationwide were required to fund.

Inflation in the country has not discriminated against the Credit Union. Although assets grew 4.3%, operating expenses increased by 11.5% to just over \$5.2 million. The majority of these increases were employee compensation, loan servicing and outside services. Expenses to our Provision for Loan Losses decreased \$107 thousand from 2021.

Your Credit Union ended the year with a net worth of 12.56% compared to 12.67% in 2021. Our net worth decrease is due to the \$7.3 million increase in assets. Our Net Worth is well above average for Credit Unions in our peer group and significantly higher than the regulatory "well capitalized" standard of 7% set for Credit Unions. This demonstrates our substantial financial strength.

Cooperative Choice Network Credit Union is continually looking at new ways to make our member's Credit Union experience exceptional. We hope to maintain our competitively low loan interest rates and fee schedule to help simplify our members' finances. On top of keeping fees and loan rates as low as possible, we also hope to maintain our higher dividend rates. Your Credit Union is in excellent financial condition, and we look forward to continuing our great success in 2023.

Respectfully Submitted,

Steve Jennings, Treasurer



Cooperative Choice Network Credit Union  
Consolidated Statements of Financial Condition  
December 31, 2022 and 2021

<b>ASSETS</b>	2022	2021
Cash and cash equivalents	\$ 3,072,565	\$ 10,498,303
Interest-bearing Deposits	55,158,341	59,418,016
Available-for-sale securities	16,468,946	13,851,878
Nonmarketable investments	250,000	250,000
Loans receivable, less allowance for loan losses	96,953,688	80,917,873
Property and equipment, net	2,155,701	2,138,188
Share insurance deposit	1,445,678	1,372,048
Accrued interest receivable	274,031	207,079
Prepaid expenses and other assets	670,638	435,992
<b>TOTAL ASSETS</b>	<b>\$ 176,449,588</b>	<b>\$ 169,089,377</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
Members' share accounts	\$ 151,631,753	\$ 147,265,276
Line of credit payable	3,500,000	-
Accrued expenses and other liabilities	1,361,056	804,715
<b>TOTAL LIABILITIES</b>	<b>156,492,809</b>	<b>148,069,991</b>
Members' Equity, partially restricted	19,956,749	21,019,386
<b>TOTAL LIABILITIES &amp; MEMBERS' EQUITY</b>	<b>\$ 176,449,558</b>	<b>\$ 169,089,377</b>
<b>CONSOLIDATED STATEMENTS OF INCOME</b>		
Year ended Decemeber 31, 2022 and 2021		
Interest Income:		
Loans Receivable	\$ 3,634,748	\$ 3,407,318
Investment and interest-bearing deposits	739,443	618,470
<b>Total Interest Income</b>	<b>4,374,191</b>	<b>4,025,788</b>
Interest Expense:		
Member Deposits	596,553	583,903
Borrowed Funds	102,469	166
<b>Total Interest Expense</b>	<b>699,022</b>	<b>584,069</b>
Provision for Loan Losses	77,116	184,641
<b>Net Interest Income after Provision for Loan Losses</b>	<b>3,598,053</b>	<b>3,257,078</b>
Non-Interest Income:		
Service fee income	614,842	410,522
Interchange income	890,736	886,481
Other	83,077	113,127
NCUA Corporate Credit Union distribution	294,555	788,045
<b>Total Non-Interest Income</b>	<b>1,883,210</b>	<b>2,198,175</b>
Non-Interest Expenses:		
Compensation and benefits	1,873,477	1,680,606
Occupancy	250,016	290,853
Operations	2,868,706	2,603,353
<b>Total Non-Interest Expense</b>	<b>4,992,199</b>	<b>4,574,812</b>
<b>Net Income</b>	<b>\$ 489,064</b>	<b>\$ 880,441</b>
Other Comprehensive income (loss):		
Loss on available-for-sale securities	(1,603,508)	(221,704)
Gain (loss) on defined benefit health plan	51,807	12,510
<b>Total Other Comprehensive Loss</b>	<b>(1,551,701)</b>	<b>(209,194)</b>
<b>Net Comprehensive Income</b>	<b>\$ (1,062,637)</b>	<b>\$ 671,247</b>

Audited consolidated financial statements are available from the Credit Union  
for the fiscal years ended December 31, 2022 and 2021  
To review statements or for more information, call (309)621-7930



# CCNCU BOARD OF DIRECTORS

Arthur J. Rohman – Chair 34 years  
John Machens – Vice-Chair and Credit Manager, 29 years  
Stephen Friedman – Secretary, 9 years  
Steven Jennings – Treasurer, 5 years

## Supervisory Committee

Dennis Koch – Chair, 3 years  
John C. German – 52 years  
Alex Prather – 3 years  
Michelle Cramer – 2 years

## Board Members

I Louis McMurray – 45 years  
Jada Warmick – 2 years  
Chris Roedell – 1 year

## Management Team

President/CEO	Joe Webb
Chief Financial Officer	Katie Fehl
VP Lending	Wendell Sydnor
VP Risk/Compliance	Sonia Woosley

## Members Choice Division Employees

JJ Nicole Crystal Alex Selina Sara Nicholle  
Stephanie Angie Sharon Sami Kim Julia Khaira  
Adrienne Kirstin Alyssa Andrew Rita

## IECFCU Division Employees

Lisa

## Parish Members Division Employees

Linda

## IRSE Division Employees

Katy Brittany



Corcelle  
Industries



# THANK YOU

**Phone Number**

(309) 621-7930  
800)274-0209

**Email Address**

info@ccncu.com

**Website**

[www.ccncu.com](http://www.ccncu.com)

**Office Address**

3927 N. University St.  
Suite C  
Peoria, IL 61614