

2024

ANNUAL REPORT



**Cooperative Choice
Network Credit Union**

BUSINESS AGENDA

- I. Call to Order**
 - II. Determination of Quorum**
 - III. Approval of the 88th 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**
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Minutes of the 88th
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. Chairperson, John Machens, welcomed the members and guests in attendance. Chairperson Machens stated the credit union had another great year and that the credit union remained safe and secure for all of our members' financial needs. The credit union continues to offer higher than average rates to savers and lower rates to borrowers. Additional Board Members in person were Art Rohman, Steve Friedman, Dennis Koch, Alex Prather, Michelle Cramer, Jada Warmick and Chris Roedell. An excused absence was given to Lou McMurray. Credit Union Officers and staff present were Joe Webb, Katie Fehl, Sonia Woosley and Wendell Sydnor. Chairperson Machens announced that Stacy Connor was elected to the Board during the 2023 Annual meeting.

Call to Order

The 88th annual meeting was called to order at 4:00PM, March 19, 2024, at 3927 N. University St., Suite C., Peoria, IL by Chairperson Machens.

Declaration of Legal Meeting

Vice-Chairperson Steve Friedman reported that according to the bylaws a quorum of 20 members is required. We have 30 members present. We also have of 20,102,869 OF 28,502,183 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 Chairperson's Report John Machens, Board Chair

The Chairperson's complete report is printed in the report distributed. Chairperson Machens mentioned the challenges relating to the aggressive changes to the Federal Reserve interest rates. To keep up with the demand, we aggressively increased all deposit rates. We ran two separate CD specials through the year. The Credit Union continues to make every effort in enhancing and adding new products and services. Currently we are upgrading our current debit and credit card programs. These enhancements are ongoing and will be completed early 2024. We also began offering text and chat services for our members, providing another way for our members to communicate. The Credit Union also continues to train staff on recognizing fraudulent transactions and scams and continue to update our cyber security software on all our computers to help keep our members data safe.

Credit Managers Report- Art Rohman, Credit Manager

A full written report was submitted and printed in the distributed report. Our indirect loan program now includes 45 dealerships. Over 870 members have used the convenient service with \$18.5 million in indirect lending. Our lending concentration is 71% in auto, 14% Real Estate, 4% Credit Cards, and 11% Unsecured. Credit Manager Rohman stated the lending goal for 2023 was to reach \$100 million in net outstanding loans. We reached that goal in May 2023 with loans growing over \$5 million in the year, close to a 6% increase. The frequent increases to the Federal Reserve rate became challenging to maintain lower borrowing rates. Even with the increase, our auto rates remained approximately 0.65% lower than the Central Illinois average. The Credit Union constantly looks for opportunities to help our members at great low rates, including three different one-day loan specials in 2023. Credit Manager Rohman also mentioned that Wendell Sydnor was promoted to Vice President of Lending in January 2023.

Supervisory Committee Report- Dennis Koch, Supervisory Committee Chairperson

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, 2023 did not identify any areas 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 Illinois Department of Financial and Professional Regulations is scheduled an exam to be completed in 2024. After the retirement of Julie Hoffman, Sonia Woosley was promoted to Vice President of Compliance in January 2023.

Treasurer's Report- Alex Prather, Treasurer-

A written report was submitted and printed in the Annual Report distributed. The credit union ended the year with over \$172 million in assets. \$151 million in member shares, \$101 million in outstanding loans. The credit union remains well capitalized at 12.69% net worth. The year finished with a net income of approximately \$32 thousand. Our Net Income for 2023 was lower than usual in 2023. This was due to the large increase in Dividends paid back to our members. Dividends increase approximately 223% from the previous year. 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. During the Organizational Meeting in 2023, Katie Fehl was promoted as the Credit Union's first Chief Financial Officer.

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

Unfinished/New Business – NONE

Election of Directors -Nominating Committee Chair Steve Friedman

In accordance with the bylaws, three nominees were presented to fill three-year terms. The nominees were John Machens, Alex Prather and Stacy Connor. In accordance with the bylaws, when only one member is nominated for each position, a ballot election is not need. Nominating Chair Friedman cast a ballot of 20,102,869 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. Technology is advancing all the time. Members in younger generations are no longer always looking to call and talk to someone. Texting and chatting online are their preferred communication method. We have implemented a texting and chat feature for our membership. We believe that it is important for members to reach an actual Credit Union employee. Many other texting and chat features communicates with some sort of Artificial Intelligence (AI). Our members immediately connected to a Credit Union employee to help answer their questions and get assistance. President Webb assured that CCNCU remains safe, federally regulated by NCUA and that Credit Union members have never lost a penny of insured savings at a federally insured Credit Union. President Webb thanked the members for all of their years of loyalty. The credit union is grateful to have such an experience insightful Board of Directors and Staff.

Prize Distribution

A 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 4:50 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 Ninth Annual Meeting. This meeting is designed to provide you with an insight of your Credit Union's financial performance for 2024 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 89 years.

	2024	2023
Assets	\$ 195,211,415	\$ 173,821,450
Shares	\$ 170,825,860	\$ 151,883,791
Loans	\$ 108,695,562	\$ 102,366,629
Reserves	\$ 24,055,441	\$ 20,334,840

2024 was an eventful year for your Credit Union. In November, CCNCU added our fifth credit union division, the Tazewell County School Employees Credit Union division. TCSECU was chartered in 1950 and has since served employees of all public schools in Tazewell County. Over the years they expanded to include Peoria County School Employees, ICC faculty and students along with a few other small school districts. Their members will now be able to take advantage of all the products and services CCNCU has to offer. TCSECU is over \$24 Million in assets and has over 1,000 members. Their office located on Valle Vista Blvd in Pekin is now available to all CCNCU members five days a week.

CCNCU is constantly looking for opportunities to improve the services we provide to our members. During 2024, we completed a conversion for our Visa Debit and Credit Cards. New cards have a Contactless Indicator allowing our members to use the Tap to Pay feature available at several locations. The CCNCU CardNav phone application was introduced giving members control of their cards at their fingertips. While using the app members can turn their cards on and off along with setting up alerts for when a card has been used. Member Rewards was introduced as a way for our members to access and earn rewards by making every day purchases using both their card. Our rewards program is unique as we are one of the few financial institutions that allow our members to earn rewards using both their Credit and Debit Card.

Person to person communications with our members has been what sets us apart from most financial institutions. When you call the Credit Union, you will always be greeted by a real person and not an answering machine. There is no need to press "1" to speak with a representative. As we continue to grow, we pride ourselves on our ability to make real human connections with our members. The Credit Union cannot be successful unless our members are successful.

The Credit Union is proud to give back to our community. We continually support The Children's Miracle Network, OSF Healthcare's Cancer Institute, Easter Seals, Toys for Tots, St. Jude, CU House, ICU Foundation, and Komen's Race for the Cure.

For the Board of Directors,
John Machens, 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 2024 to over \$107 million dollars.

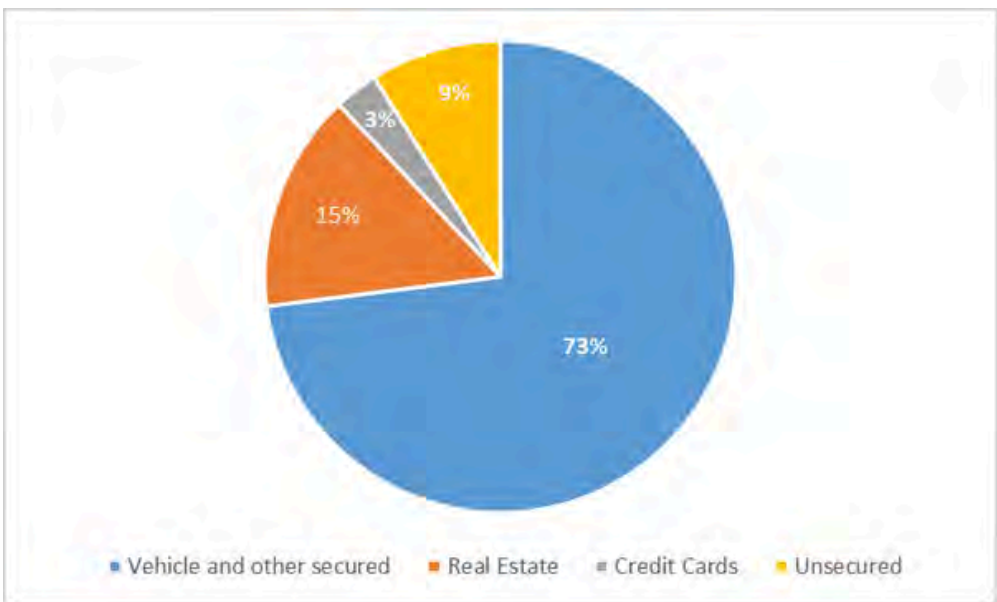
In 2024, the Credit Union remained competitive with our rates for our Home Equity products. We saw our Fixed Rate Home Equity portfolio increase to over \$5.5 million dollars and our Home Equity Line Of Credit portfolio increase to \$10.6 million dollars.

Our indirect lending relationships throughout Central Illinois help ease the process of purchasing a new and/or used vehicles for our members. We have remained competitive with our loan rates which helped grow our automobile portfolio in 2024 directly and indirectly. We saw a decrease of \$270,000 to our indirect new and used vehicle loan portfolio. While our direct new & used automobiles loan portfolio increased \$2.3 million for the 2024.

At the end of 2024, we had over 9,000 loans representing a total outstanding loan balance of over \$107 million net of allowance for loan losses, an approximate increase of \$5.8 million from 2023. 73% of outstanding loan balances are vehicle and other secured. Real estate makes up 15%, credit cards are 3%, and other unsecured are 9%.

On behalf of the Lending Department and myself, thank you for allowing us to serve you and your lending needs in 2025.

Respectfully Submitted,
Arthur Rohman, 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 2024 Supervisory Committee was comprised of John German, Chris Roedell, Jada Warmick, and me, 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 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, 2024. The committee then works with the Board and Management to address any areas of concern identified by the audit. The audit did not identify any deficiencies in internal controls considered to be material weaknesses. The Illinois Department of Financial and Professional Regulation (IDFPR) conducted an examination in 2024, and no significant issues or concerns were identified during the review.

Based on our activities and the results of our audit, the Supervisory Committee believes that the Credit Union is performing appropriately to sustain a safe and secure future; and that it is well managed with a strong commitment to serving the membership.

This Committee believes 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 financial statement audit for the year ended December 31, 2024 is in progress. We anticipate the audit will be completed by April 15, 2025.

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

Respectfully Submitted,

Dennis Koch, Chairperson



REPORT OF THE TREASURER

I am pleased to report that 2024 was a positive year for your Credit Union. In 2024 the Credit Union experienced significant growth in assets, shares and loans outstanding. A large part of that growth had to do with the merger. 2024 finished the year with Total Assets over \$195 million, an increase of \$22.7 million. Members continue to choose our CCNCU as a safe place to save their money. Total deposits grew \$18.9 million in 2024 to over \$170.8 million. Members also continue to choose our Credit Union as a reliable place to borrow money. Loans Outstanding grew \$6 million from 2023 to over \$108 million.

The Credit Union ended 2024 with a positive Net Income just over \$185 thousand. The Credit Union continues to keep rates competitive. Although there were not as many rate changes in 2024 compared to 2023, net dividends paid grew by 33.51%.

Although Assets increased 5.77%, operating expenses increased by 5.39% to just over \$5.3 million. Expenses to our Provision for Loan Losses increased \$449 thousand from 2023. Poor economic conditions and inflation has caused an increase in loan losses to the financial institutions throughout the country.

Your Credit Union ended the year with a net worth of 12.86% compared to 12.76% in 2023. 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 competitive loan interest and dividend rates as well as our low fee schedule to help simplify our members’ finances. In 2024, the Credit Union stopped charging fees for automated transfers from savings to checking due to insufficient funds. The Credit Union is in excellent financial condition, and we look forward to continuing our great success in 2025.

Respectfully Submitted,

Alex Prather, Treasurer



Cooperative Choice Network Credit Union
Consolidated Statements of Financial Condition
December 31, 2024 and 2023

ASSETS	2024	2023
Cash and cash equivalents	\$ 10,895,710	\$ 12,036,076
Interest-bearing Deposits	56,440,566	39,430,665
Available-for-sale securities	13,582,853	15,149,490
Nonmarketable investments	250,000	250,000
Loans receivable, less allowance for loan losses	109,264,935	102,366,629
Property and equipment, net	2,343,818	2,172,041
Share insurance deposit	1,667,943	1,550,711
Accrued interest receivable	471,168	322,920
Prepaid expenses and other assets	795,262	542,918
	<u>195,712,255</u>	<u>173,821,450</u>
TOTAL ASSETS	\$ 195,712,255	\$ 173,821,450
LIABILITIES AND MEMBERS' EQUITY		
Members' share accounts	\$ 170,825,860	\$ 151,883,791
Line of credit payable	-	-
Accrued expenses and other liabilities	825,817	1,602,819
TOTAL LIABILITIES	171,651,677	153,486,610
Members' Equity, partially restricted	24,060,578	20,334,840
	<u>195,712,255</u>	<u>173,821,450</u>
TOTAL LIABILITIES & MEMBERS' EQUITY	\$ 195,712,255	\$ 173,821,450

CONSOLIDATED STATEMENTS OF INCOME
Year ended Decemeber 31, 2024 and 2023

	2024	2023
Interest Income:		
Loans Receivable	\$ 5,603,390	\$ 4,696,763
Investment and interest-bearing deposits	1,453,282	848,259
Total Interest Income	<u>7,056,672</u>	<u>5,545,022</u>
Interest Expense:		
Member Deposits	3,015,434	2,190,475
Borrowed Funds	-	68,120
Total Interest Expense	3,015,434	2,258,595
Provision for Loan Losses	449,440	178,567
Net Interest Income after Provision for Loan Losses	3,591,798	3,107,860
Non-Interest Income:		
Service fee income	633,638	672,375
Interchange income	898,943	911,163
Other	101,822	99,081
NCUA Corporate Credit Union distribution	-	30,189
Total Non-Interest Income	<u>1,634,403</u>	<u>1,712,808</u>
Non-Interest Expenses:		
Compensation and benefits	1,932,999	1,830,257
Occupancy	272,115	251,114
Operations	2,835,168	2,702,637
Total Non-Interest Expense	<u>5,040,282</u>	<u>4,784,008</u>
Net Income	<u>\$ 185,919</u>	<u>\$ 36,660</u>
Other Comprehensive income (loss):		
Loss on available-for-sale securities	349,672	527,263
Gain (loss) on defined benefit health plan	10,958	(35,832)
Total Other Comprehensive Loss	360,630	491,431
Net Comprehensive Income	<u>\$ 546,549</u>	<u>\$ 528,091</u>

Audited consolidated financial statements are available from the Credit Union
for the fiscal years ended December 31, 2024 and 2023
To review statements or for more information, call (309)621-7930

*The financial statement audit for the year ended December 31, 2024 is in progress.
We anticipate the audit will be completed by April 15, 2025*

CCNCU BOARD OF DIRECTORS

John Machens - Chairman - 31 years
Steve Friedman - Vice Chairman - 11 years
Michelle Cramer - Secretary - 4 Years
Alex Prather - Treasurer -5 years

Supervisory Committee

Dennis Koch - Chair - 5 years
John German - 54 years
Chris Roedell - 1 years

Board Members

Art Rohman - Credit Manager -36years
Jada Warmick - 4 years
Stacy Connor - 2 year
Daniel Brian

Management Team

President/CEO	Joe Webb
Chief Financial Officer	Katie Fehl
VP Lending	Wendell Sydnor
VP Risk/Compliance	Sonia Woosley
Marketing Manager	Nicole Shaw
MCCU Division Manager	Alex Murphy



Crystal M. Selina Nicholle Stephanie Angie
Sharon Kim Julia Khaira Andrew
Rita Lucy Madison Caden Angel



Lisa



Linda



LaRissa Malesha



Kevin Crystal C. Gail