

ANNUAL REPORT 2021



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3927 N. University Street

Suite C

Peoria, IL 61614

BUSINESS AGENDA

- I. Call to Order
- II. Determination of Quorum
- III. Approval of the 85th Annual Meeting Minutes
- IV. Chairman's Report
- V. Credit Manager's Report
- VI. Supervisory Committee's Report
- VII. Treasurer's Report
- VIII. Unfinished/New Business
- IX. Election of Directors
- X. President's Report
- XI. Prizes
- XII. Adjournment

Minutes of the 85th Annual Meeting of Shareholders

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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 year had been full of new and unique challenges surrounding the COVID19 pandemic. Also, mentioned 2020 saw the end of an era as long time President/CEO Tory Eckstein had retired after 33 years of service. September 2020, Joe Webb was announced the new President/CEO of the credit union as of January 1st. Also mentioned the passing of Board Secretary Pat White, who passed in February 2020. Additional Board Members in person were introduced: John Machens, Steve Freidman, Kathy Rennick, Lou McMurray, Steve Jennings, Dennis Koch, and Alex Prather. Credit Union Officers present and introduced were Joe Webb, Katie Fehl, and Julie Hoffman.

Call to Order

The 85th annual meeting was called to order at 4:03PM, March 16, 2021, at 3927 N. University St., Suite C., Peoria, IL by Chairman Rohman.

Declaration of Legal Meeting

Acting Secretary Steve Friedman reported that according to the bylaws a quorum of 20 members is required. We have 33 members present. We also have of 17,936,957 of 26,637,091 or 67% 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 enhancements that 2020 brought including, two new divisions Parish Members CU in February and IRSE CU in August. Access to thousands of additional surcharge-free ATMs across the country with the Allpoint Network and person-to-person payments within minutes with Zelle. Our new email marketing campaign was introduced allowing the credit union to get information to members quicker. Chairman Rohman thanked everyone for 85 years.

Credit Managers Report- John Machens, Credit Manager

A full written report was submitted and printed in the distributed report. Our indirect loan program now includes 42 dealerships. 685 members have used the convenient service with \$11.4 million in indirect lending. Our lending concentration is 66.9% in auto, 13.9% Real Estate, 5.5% Credit Cards, and 12% Unsecured. Credit Manager Machens recognized the lending staff at the credit union for their work and assistance to members.

Supervisory Committee Report- Kathy Rennick, Supervisory Committee Chair

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, 2020 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. Our regulators, the Illinois Department of Financial and Professional Regulation in conjunction with NCUA conducted their exam as of September 30, 2020. The exam was completed with minimal concerns from either agency. Supervisory Committee Chair recognized Julie and the other committee members.

Treasurer's Report- Steve Jennings, Treasurer

A written report was submitted and printed in the Annual Report distributed. The credit union ended the year with \$153 million in assets, a growth of almost \$30 million. \$132 million in member shares, \$73 million in outstanding loans. The credit union remains "well capitalized" at 13.32% net worth. 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 Kathy Rennick

In accordance with the bylaws, three nominees were presented to fill three-year terms. The nominees were John Machens, Steve Jennings, and Alex Prather. Also nomination to fill vacancies, Michelle Cramer to serve a one-year term and Jada Warmick to serve a two-year term. In accordance with the bylaws, the secretary shall cast a unanimous ballot for the slate of nominees. 17,936,957 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 the Board of Directors for the opportunity and announcing him the new President/CEO and another year of service. Thanked the staff and the membership for their loyalty to the credit union.

Prize Distribution

A small token of appreciation for attending was distributed.

Adjournment

There was a motion from the floor and a second to adjourn. Motion approved unanimously. Meeting adjourned at 4:25 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 Sixth Annual Meeting. This meeting is designed to provide you with an insight of your Credit Union's financial performance for 2021 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 86 years.

	2021	2020
Assets	\$ 169,089,377	\$ 153,687,813
Savings	\$ 147,265,276	\$ 132,675,910
Loans	\$ 80,917,873	\$ 73,440,218
Reserves	\$ 21,019,386	\$ 20,348,139

2021 was supposed to be our return to “normal”. However, due to the COVID-19 pandemic, the United States' economy remained highly volatile. Manufacturing remained low causing minimal inventory in several major industries, specifically in automotive and electronics. The Inflation Rate climbed to 7% in 2021, the highest single year rate since 1982. Although the economy may be chaotic, your Credit Union has remained a safe and secure institution for all of your financial needs. The Board and Professional staff are pleased to report our large growth in assets for 2021. Our members showed their loyalty by increasing our total shares by \$14.6 Million. Proving that our members understand that CCNCU is an excellent option for all their savings needs.

In 2021, the Credit Union combined our two Springfield division office into one shared location. IECFCU and IRSECU Division are now located at 3900 Woodduck Dr. Suite F. Springfield, Illinois. Combining the offices made that location more efficient for staffing, training, and most importantly; member service availability for all division members.

In April, the Credit Union expanded our loan portfolio by partnering with The Credit Union Loan Source (CULS), LLC. This partnership has allowed your Credit Union to grow through the purchase of Participation Loans. Growing loans is essential for our profitability. By purchasing Participation Loans, we receive higher yields compared to other traditional investment options such as Certificates of Deposits or Government Securities.

The Credit Union continually supports The Children's Miracle Network, Easter Seals, Toys for Tots, 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 is committed to increase the number of outstanding loans, and amounts borrowed each year. We pride ourselves on having competitive interest rates for all of our loan products including auto loans, unsecured loans, and Home Equity Loans. We also offer several promotional loan rates throughout the year. In 2021, we ran multiple one day unsecured loan specials, automobile refinance specials, credit card balance transfers, and home equity specials. Our commitment to offering loan products at great rates has helped the Credit Union's loan portfolio continue to grow.

In 2021, the Credit Union modified our fixed closed-end home equity terms in an effort to be more competitive and convenient for our membership. We extended our max term to ten years. Prior to 2021, the Credit Union offered five, six, and seven year term options on our fixed closed end home equity loans. We have modified those term options to now offer five, seven, and ten year options to our members whom wish to go a longer term at a competitive rate.

The Credit Union is committed to making our loan application process as quick and efficient as possible. Through our online loan application, members can get automatic approvals within minutes of submitting their application. Members can also sign loan documents electronically via email. For automobile purchase loans, the Credit Union has increased our indirect lending relationships to 47 different automobile dealerships located in Central Illinois. Five new dealers were added in 2021.

At the end of 2021, we had over 8,500 loans representing a total outstanding loan balance of \$81 million net of allowance for loan losses, an approximate increase of \$7.1 million from 2020. 73% of outstanding loan balances are vehicle and other secured. Real estate makes up 12%, credit cards are 4%, and other unsecured are 11%. As of December 31, 2021, 704 members participated in the indirect dealer program with \$12.1 million in new and used vehicle loans.

As previously mentioned in the Chairman's report, the Credit Union expanded our loan portfolio by partnering with CULS. As of year-end, the credit union had over \$6 Million in total participation loans. The participation loans is a mixture of over 40,000 new and used indirect loans. The Credit Union has a shared interest in each loan split amongst several other financial institutions.

On behalf of the Lending Department and myself, thank you for allowing us to serve you and your lending needs in 2021.

Respectfully Submitted,
John Machens, Credit Manager

REPORT OF SUPERVISORY COMMITTEE

The role of the Supervisory Committee is to ensure the safety and soundness of your credit union's operations and to ensure it complies with all laws, regulatory statutes, and board policies. The committee members attend board meetings, oversee the internal reviews of the operations, account records, and controls of the credit union. The Supervisory Committee is comprised of four elected volunteers: John German, Dennis Koch, Alex Prather, and myself, Kathy Rennick.

The Supervisory Committee is provided with reviews of the credit union's internal controls by the management team. The committee carefully reviews and follows up on management's responses to all review reports. By working together, the committee maintains compliance with the ever-changing federal regulations and policies governing state chartered credit unions.

In addition to working with the management team, the committee works with external auditors, the state regulators and the federal regulators. The committee is responsible for engaging the services of an accounting firm to perform our annual external audit combined with the annual Supervisory Audit. The CPA firm, Selden Fox, Ltd., was selected for our December 31, 2021 audit. The audit did not identify any areas of deficiencies in internal controls that were considered material weaknesses. In addition, Selden Fox conducted our annual independent testing of compliance with the BSA (Bank Secrecy Act) and USA Patriot Acts. The Credit Union did not have any findings and was deemed compliant.

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.

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

Respectfully Submitted,
Kathy Rennick, Chairman

REPORT OF THE TREASURER

In 2021, the Credit Union finished the year with Total Assets over \$169 million. Members continue to choose our CCNCU as a safe place to save their money. Total member deposits grew again in 2021 to over \$147 million, an 11% growth from 2020. Members also continue to choose our credit union as a reliable place to borrow money. Net Loans Outstanding grew to over \$81 million, a 9.7% growth from 2020.

Last year we continued to pay higher dividends on Regular Shares, Insured Money Market Accounts, Club Accounts, and Share Certificates. As the Federal Reserve dropped rates to nearly zero, we continued paying out highly competitive interest rates to our membership. Having fantastic dividend rates is our way to assure our earnings go directly back to our members.

The Credit Union ended 2021 with a positive Net Income just over \$882 thousand. It goes unsaid that the COVID-19 pandemic affected much of the world, including our membership. The majority of our income in 2021 came from distributions made by the National Credit Union Administration (NCUA). This distribution was reimbursement for the 2010 liquidation of Members United Corporate Federal Credit Union, which credit unions nationwide were required to fund.

Despite Total Assets growing 10.1%, operating expenses only increased by 6.6% to just over \$4.6 million. Low operating expenses helps support the Credit Union's mission to efficiently provide financial solutions for members to help them meet their financial goals. Expenses to our Provision for Loan Losses decreased \$214 thousand from 2020.

Your Credit Union ended the year with a net worth of 12.67% compared to 13.38% in 2020. Our net worth decrease is due to the almost \$15.4 million increase in assets. This 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 low loan interest rates and fee schedule to help simplify our members' finances. On top of keeping fees and loan rates low, we also hope to maintain our high dividend rates. Your Credit Union is in excellent financial condition, and we look forward to continuing our great success in 2022.

Respectfully Submitted,

Steve Jennings, Treasurer

Cooperative Choice Network Credit Union
Consolidated Statements of Financial Condition
December 31, 2021 and 2020

ASSETS	2021	2020
Cash and cash equivalents	\$ 10,498,303	\$ 18,907,428
Interest-bearing Deposits	59,418,016	51,791,122
Available-for-sale securities	13,851,878	5,273,180
Nonmarketable investments	250,000	250,000
Loans receivable, less allowance for loan losses	80,917,873	73,440,218
Property and equipment, net	2,138,188	2,221,116
Share insurance deposit	1,372,048	1,224,344
Accrued interest receivable	207,079	230,440
Prepaid expenses and other assets	435,992	349,965
TOTAL ASSETS	\$ 169,089,377	\$ 153,687,813
 LIABILITIES AND MEMBERS' EQUITY		
Members' share accounts	\$ 147,265,276	\$ 132,675,910
Line of credit payable	-	-
Accrued expenses and other liabilities	804,715	663,764
TOTAL LIABILITIES	148,069,991	133,339,674
Members' Equity, partially restricted	21,019,386	20,348,139
TOTAL LIABILITIES & MEMBERS' EQUITY	\$ 169,089,377	\$ 153,687,813
 CONSOLIDATED STATEMENTS OF INCOME		
Year ended December 31, 2021 and 2020		
Interest Income:		
Loans Receivable	\$ 3,407,318	\$ 3,621,725
Investment and interest-bearing deposits	618,470	779,123
Total Interest Income	4,025,788	4,400,848
Interest Expense:		
Member Deposits	583,903	940,607
Borrowed Funds	166	847
Total Interest Expense	584,069	941,454
Provision for Loan Losses	184,641	399,000
Net Interest Income after Provision for Loan Losses	3,257,078	3,060,394
 Non-Interest Income:		
Service fee income	410,522	366,711
Interchange income	886,481	707,768
Other	901,172	94,556
Total Non-Interest Income	2,198,175	1,169,035
 Non-Interest Expenses:		
Compensation and benefits	1,680,606	1,676,926
Occupancy	290,853	255,102
Operations	2,603,353	2,427,262
Total Non-Interest Expense	4,574,812	4,359,290
Net Income	\$ 880,441	\$ (129,861)
 Other Comprehensive income (loss):		
Loss on available-for-sale securities	(221,704)	15,648
Gain (loss) on defined benefit health plan	12,510	(26,686)
Total Other Comprehensive Loss	(209,194)	(13,038)
Net Comprehensive Income	\$ 671,247	\$ (142,899)

Audited consolidated financial statements are available from the Credit Union
for the fiscal years ended December 31, 2021 and 2020
To review statements or for more information, call (309)621-7930

CCNCU BOARD OF DIRECTORS

Arthur J. Rohman - Chairman, 33 years
 John Machens - Vice-Chair and Credit Manager, 28 years
 Stephen Friedman - Secretary 8 years
 Steven Jennings - Treasurer, 4 years

Supervisory Committee

Kathy Rennick - Chairperson, 10 years
 John C. German, 51 years
 Dennis Koch - 2 Year

Board Members

I Louis McMurray - 44 years
 Alex Prather -2 Year
 Michelle Cramer - 1 Year
 Jada Warmick - 1 Year

SENIOR MANAGEMENT

President /CEO	Joe Webb
VP Operations	Katie Fehl
VP Risk/Compliance	Julie Hoffman

MEMBERS CHOICE DIVISION EMPLOYEES

JJ Wendell Sonia Nicole Crystal Alex Emily
 Selina Sara Nicholle Stephanie Angie Sharon Sami
 Kim Julia Khaira Adrienne Steven Kirstin Jeremie

IECFU DIVISION EMPLOYEES

Lisa Shannon

PARISH MEMBERS DIVISION EMPLOYEES

Linda

IRSE CREDIT UNION

Katy Linda B