



# ANNUAL REPORT 2019



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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 83rd 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 83rd Annual Meeting of Shareholders

## Minutes of the 83rd Annual Meeting of Shareholders

### Welcome and Introduction

The Shareholders of Cooperative Choice Network Credit Union met in two sessions on March 19, 2019 at 3927 N. University Street, Suite C, Peoria, IL pursuant to written notice. The members and guests in attendance at the 10 AM session were welcomed by Vice - Chairman, John Machens. Introduced were additional Board Members present at this session, Steve Freidman, and Pat White. Chairman Art Rohman welcomed members and guests in attendance at the 4 PM session. Introduced were additional Board Members at this session, Steve Freidman, Kathy Rennick, Marci McCann, Lou McMurray, John Machens, Mike Fiddes, Pat White, and Steve Jennings. Credit Union Officers present and introduced at both sessions were Tory Eckstein, Katie Fehl, Joe Webb, Julie Hoffman and Tootie Holmes from the IEFUCU Division.

### Call to Order

The 83rd meeting sessions were called to order at 10 AM and 4PM, March 19, 2019, at 3927 N. University St., Suite C for our regular annual meeting.

### Declaration of Legal Meeting

Secretary Pat White, present at both sessions, reported that a quorum of 20 members was present. We have 34 members present. We also have of 13,667,065 OF 21,146,442 or 65% 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 - John Machens, Vice-Chair, (AM Session) & Art Rohman, Board Chair (PM Session)

A full report was written in the report distributed. However, mentioned of the continued strong financials of the credit union, as well as the new and enhanced products and services that has come along with the new Network Credit Union.

The credit union continues supporting the community, including The Children's Miracle Network, St. Jude, JDRF, Easter Seals, Komen's Race for the Cure, Home for Veterans, CU House, ICU Foundation, and Peoria Area Senior Net.

### Credit Managers Report- John Machens, Credit Manager

A full written report was submitted and printed in the distributed report. At the end of 2018, over 8,500 loans representing the total outstanding loan balance of over \$70 mill net of allowance for loan loss increased \$4 million from 2017. 68% of the outstanding loan balances are vehicle and other secured. As of December 31, 2018, 592 members participate in the indirect dealer program with \$10.1 million outstanding in new and used vehicle loans. Outstanding loan balances consist of 68% vehicle and other secured, 14% real estate, 6% credit cards, and 12% other unsecured. Special thanks was given to the lending staff at the credit union for their work and assistance to members.

Early 2019 the credit union introduced its first ever Visa credit card rewards program. Points earned from using the credit card can be pooled together with points earned from using the debit card, so points can accumulate quicker. Reward points can be redeemed for merchandise, gift cards, and even cash.

### Supervisory Committee Report- Kathy Rennick, Supervisory Committee Chair

A written report was submitted and is included in the report distributed. Our regulators the Illinois Department of Financial and professional Regulation conducted their exam of the credit union as of December 31, 2018. Our annual audit performed by the CPA firm did not identify any areas deficiencies considered a material weakness in internal controls. The independent accounting firm also conducted the annual audit as well as the required BSA audit. The SVP of Compliance and Risk Management, Julie Hoffman provides monthly reports to the Board of Directors on behalf of the Supervisory Committee. A Cybersecurity Risk Assessment was performed in 2018 as well. The credit union actively detects, deters, and mitigates the risks that are associated in protecting personal information from exposure.

### Treasurer's Report- Lou McMurray, Treasurer

A written report was submitted and printed in the Annual Report distributed. The credit union remains "well capitalized" at 15.44% net worth. The average for credit unions in our peer group is 7%. 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.

Even as market interest rates have been growing, we have upheld our philosophy to provide dividends throughout the year that are at or above average. We have continued our tiered dividend rate program and continued our Member Loyalty Program for Share Certificates. While maintaining our goals to keep our dividend rates high, it is equally important for the credit union to remain competitive offering lower than average loan rates. The team at Cooperative Choice Network Credit Union continues to make decisions that protect our members' financial assets, while also looking into innovations to help our members reach all of their financial goals.

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

### Unfinished/New Business - None

### Election of Directors -Nominating Committee Chair Pat White

In accordance with the bylaws, three nominees were presented to fill three-year terms. The nominees were Steve Friedman, Kathy Rennick, and Lou McMurray. In accordance with the bylaws, the secretary shall cast a unanimous ballot for the slate of nominees. 13,667,065 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- Tory Eckstein

Tory thanked the Board of Directors and the Supervisory Committee for another year of service. The membership was also thanked on behalf of the staff and Board of Directors for their loyalty to this credit union.

### Prize Distribution

A \$25 VISA gift card was given out at each session. Lucky winners were Lori Peterburs and Darlene Murray.

### Adjournment

There was a motion from the floor and a second at each session to adjourn. Motion approved unanimously. Meeting sessions were adjourned at 10:30 AM and 4:40PM.

# 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 Fourth Annual Meeting. This meeting is designed to provide you with an insight of your Credit Union's financial performance for 2019 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 this credit union. Thank you for your continued support as we celebrate 84 years.

	2019	2018
Assets	\$ 123,778,802	\$ 121,706,317
Savings	\$ 104,232,751	\$ 102,438,517
Loans	\$ 71,653,857	\$ 69,502,700
Reserves	\$ 18,964,422	\$ 18,645,747

The Board and Professional staff are pleased to report our solid financial performance for 2019. Delivering products and services to help improve your financial outlook and to provide you with exceptional service is what gives real meaning to “Where Membership Means More”. This supports the credit union's mission to efficiently provide solutions for members to meet their financial goals. Overall, the results for 2019 reflect how prudently the credit union acts to protect our members' financial assets, and how we strategically expand our products and services.

This last year the Credit Union continued to update and provide products and services to allow members to conveniently have access to their finances. The credit union went through a Visa Credit Card conversion in early 2019. The new program allowed members to start earning UChoose Reward points on every dollar spent using their CCNCU credit card(s) and debit card(s). Members can even pool points from their debit and credit cards together to earn rewards faster. The conversion also made credit cards available in the CardValet App. The CardValet App gives members the option to set notifications on specific transaction types, as well as the option to turn the card off and back on in the event they lose their card. In July 2019, we merged the [www.memberschoicecu.com](http://www.memberschoicecu.com) website and online banking into [www.ccncu.com](http://www.ccncu.com), which coincided with an online banking update.

The Network has grown again with Parish Members CU Division joining the Network in February 2020 and IRSE CU Division joining in August 2020. Parish Members CU Division is located in Metamora, Illinois and joined the network with over 400 members. IRSE CU Division is located in Springfield, Illinois and joined the network with over 950 members. The Network Credit Union hopes to continue adding new divisions, allowing credit unions to keep their identity while also offering all the products and services provided by CCNCU.

The Credit Union continually supports The Children's Miracle Network, Easter Seals, 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

The Credit Manager is appointed by the Board to provide general supervision of all loans and lines of credit to members subject to the Credit Union's policies and procedures, the Illinois Credit Union Act Rules & Regulations, and other regulatory agencies. The Credit Manager delegates approval authority by appointment of loan officers. With the help of our professional staff, the Credit Manager stays current on laws governing the credit union and the granting of credit. The Credit Manager must be familiar with the credit union lending and collection policies and procedures, and recommends changes to the policies to improve loan underwriting and collection efforts, which benefit our members as well as keep the credit union safe and sound.

Cooperative Choice Network Credit Union has 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 2019, we ran multiple one day unsecured loan specials, auto refinance specials, and an auto purchase special. Our commitment to offering loan products at great rates has helped the credit union's loan portfolio continue to grow.

In 2019, the credit union partnered with Sallie Mae to start offering our members easy access to student loans. Members can apply for loans for graduate or undergraduate programs. There is also a Parent Loan option for individuals who want to take responsibility for financing their student's education expenses.

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. The credit union has indirect lending relationships with 38 different auto dealerships located in Central Illinois to help make the purchase of an auto loan easy and convenient without leaving the dealership.

At the end of 2019, we had over 8,500 loans representing a total outstanding loan balance of almost \$72 million net of allowance for loan losses, an approximate increase of \$2 million from 2018. 66.7% of the outstanding loan balances are vehicle and other secured. Real estate loans make up 13.8%, credit cards are 5.5%, and other unsecured loans are 14%. As of December 31, 2019, 642 members participate in the indirect dealer program with \$11 million outstanding in new and used vehicle loans.

On behalf of the Lending Department and myself, thank you for allowing us to serve you and your lending needs in 2019.

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 three elected volunteers: John German, Steve Friedman, 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, Seldon Fox, Ltd., was selected for our December 31, 2019 audit. The audit did not identify any areas of deficiencies in internal controls that were considered to be material weaknesses.

The Illinois Department of Financial & Professional Regulation (IDFPR) performs an examination of the credit union's books and records on an 18-24 month basis. Our last IDFPR exam was conducted as of December 31, 2018. Our next exam has not been scheduled.

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 2019, the credit union finished the year with Total Assets over \$123 million. Members continue to choose our credit union as a safe place to save their money. Total member deposits were over \$104 million, a 1.56% growth from 2018. Members also continue to choose our credit union as a reliable place to borrow money. Net Loans Outstanding grew to over \$71.6 million, a 3.1% growth from 2018.

Last year the credit union made significant increases to dividend rates on Regular Shares, Insured Money Market Accounts, Club Accounts, and Share Certificates. Total dividends paid to our members increased by over 23% during the year. Having higher dividend rates is our way to assure our earnings go directly back to our members.

Operating expenses were managed closely and maintained under \$4.4 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. The credit union's 2019 Net Income was over \$288 thousand, a decrease of \$255 thousand from 2018. Expenses to our Provision for Loan Losses increased \$67 thousand. The dividends paid out to our members increased by over \$157 thousand.

Your credit union ended the year with a net worth of 15.41% compared to 15.44% in 2018. 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 the best that it can be. 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 2020.

Respectfully Submitted,

*I Lou McMurray*, Treasurer

Cooperative Choice Network Credit Union  
Consolidated Statements of Financial Condition  
December 31, 2019 and 2018

<b>ASSETS</b>	2019	2018
Cash and cash equivalents	\$ 7,567,163	\$ 1,710,193
Interest-bearing Deposits	39,150,549	43,365,951
Available-for-sale securities	1,316,071	2,865,479
Nonmarketable investments	250,000	250,000
Loans receivable, less allowance for loan losses	71,653,857	69,502,699
Property and equipment, net	2,225,255	2,296,618
Share insurance deposit	1,003,294	1,032,117
Accrued interest receivable	269,731	268,653
Prepaid expenses and other assets	<u>342,882</u>	<u>414,607</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 123,778,802</u></b>	<b><u>\$ 121,706,317</u></b>
 <b>LIABILITIES AND MEMBERS' EQUITY</b>		
Members' share accounts	\$ 104,232,751	\$ 102,438,517
Line of credit payable	-	55,906
Accrued expenses and other liabilities	581,629	566,147
<b>TOTAL LIABILITIES</b>	<b>104,814,380</b>	<b>103,060,570</b>
Members' Equity, partially restricted	18,964,422	18,645,747
<b>TOTAL LIABILITIES &amp; MEMBERS' EQUITY</b>	<b><u>\$ 123,778,802</u></b>	<b><u>\$ 121,706,317</u></b>
 <b>CONSOLIDATED STATEMENTS OF INCOME</b>		
Year ended Decemeber 31, 2018 and 2017		
Interest Income:		
Loans Receivable	\$ 3,713,022	\$ 3,642,648
Investment and interest-bearing deposits	<u>900,526</u>	<u>864,542</u>
<b>Total Interest Income</b>	<b>4,613,548</b>	<b>4,507,190</b>
Interest Expense:		
Member Deposits	736,727	579,527
Borrowed Funds	1,151	29,492
<b>Total Interest Expense</b>	<b>737,878</b>	<b>609,019</b>
Provision for Loan Losses	481,000	414,000
<b>Net Interest Income after Provision for Loan Losses</b>	<b>3,394,670</b>	<b>3,484,171</b>
 Non-Interest Income:		
Service fee income	517,834	562,036
Interchange income	653,544	581,873
Other	107,207	175,549
<b>Total Non-Interest Income</b>	<b><u>1,278,585</u></b>	<b><u>1,319,458</u></b>
Non-Interest Expenses:		
Compensation and benefits	1,718,011	1,638,691
Occupancy	236,553	233,949
Operations	2,435,161	2,389,826
<b>Total Non-Interest Expense</b>	<b><u>4,389,725</u></b>	<b><u>4,262,466</u></b>
<b>Net Income</b>	<b><u>\$ 283,530</u></b>	<b><u>\$ 541,163</u></b>
Other Comprehensive income (loss):		
Loss on available-for-sale securities	53,861	(1,306)
Gain (loss) on defined benefit health plan	(18,716)	(79,570)
<b>Total Other Comprehensive Loss</b>	<b>35,145</b>	<b>(80,876)</b>
<b>Net Comprehensive Income</b>	<b><u>\$ 318,675</u></b>	<b><u>\$ 460,287</u></b>

Audited consolidated financial statements are available from the Credit Union  
for the fiscal years ended December 31, 2019 and 2018  
To review statements or for more information, call (309)621-7930.



## CCNCU BOARD OF DIRECTORS

Arthur J. Rohman - Chairman, 31 years

John Machens - Vice-Chair, Credit Manager, and Acting Secretary 26 years

I Louis McMurray - Treasurer, 42 years

### Supervisory Committee

Kathy Rennick - Chairperson, 8 years

John C. German, 49 years

Stephen Friedman, 6 years

### Board Members

Steven Jennings, 2 years

Stephen Lucas, 2 years

## SENIOR MANAGEMENT

President /CEO

Tory J. Eckstein

Executive Vice President

Joe Webb

VP Support Services/HR

Katie Fehl

VP Risk/Compliance

Julie Hoffman

## MEMBERS CHOICE DIVISION EMPLOYEES

JJ Wendell Nicole Crystal Sonia Alex  
Selina Emily B Britteny Sara Nicholle Dria  
Stephanie Angie Sharon Kim Sami

## IECFUCU DIVISION EMPLOYEES

Lisa Shannon

## PARISH MEMBERS DIVISION EMPLOYEES

Linda Betty Joan

## IRSE CREDIT UNION

Katy Linda Erin

