



2023
Annual Report

87th Annual Meeting

March 27, 2024

Agenda

Welcome/Introductions

Call to Order

Minutes of the 2022 Annual Meeting

Chairman's Report

President's Report

Other Report

Old Business

New Business

Election Results

Adjournment

86th Annual Meeting Minutes

April 26, 2023

Brian Osberg, CEO welcomed everyone to the 86th Annual Meeting for Connections Credit Union held virtually via a live webinar. This new method of meeting allows for many more members and staff from multiple locations to join the meeting. There were 51 members registered for the virtual meeting and several Board and Supervisory Committee Members and Executive Team Members attended in person at the Oak Street Branch lobby. Jamie Simmons (EVP) served as the Online Moderator for the meeting. There were five candidates running for four positions of Board of Directors: four incumbents (Quentin Howard, Roger Murphy, Charlotte Blair, Brad Nelson) and one new candidate from Pocatello (Bob Tokle).

The meeting was turned over to Roger Murphy, Chairman of the Board of Directors for the Business Session.

Meeting called to order at 6:05pm by Roger Murphy.

Connections bylaws require at least 15 members to be in attendance for a quorum. The online moderator announced that a quorum was present.

A copy of the 85th Annual Meeting Minutes, held April 27, 2022, were in the booklet available online at www.ConnectIdaho.org and as an attachment through the online meeting. A motion was made, seconded and passed to accept the minutes as printed.

Motion was made by Steve Young and seconded by Jodi Bates. Motion Passed.

Other reports available in the online booklet included the Chairman's Report, Supervisory Committee Report, and the Presidents Report.

Roger thanked everyone for their willingness to adapt and continue to move forward during these times. Roger expressed what a privilege it has been to serve as the Board Chairperson and how grateful he is to members, Volunteers, the Executive Management Team, and the CU's dedicated Employees. Mention was made that CCU had just finished a joint review by The State Department of Finance and the NCUA and the results were all good, speaking to the CU's success.

Brian made a few remarks stating that the Credit Union is very strong financially and is doing very well. Brian thanked the volunteers and stated that they are here because they care about the Credit Union and Members. With the recent banking crises in the news, the CU has had some questions from members. The media has done a poor job explaining how deposits are insured and created some of the hype and anxiety, Brian briefly outlined a few of the differences between CU's and Banks focusing on structure and type of deposits, investments, and operational nature. The CU had a few of the larger depositors take out some funds but the CU also experienced about the same amount in deposits coming in during the same time frame. As Roger mentioned in his report the CU just came out of a joint audit and although there was some uncertainty around the mindset and expectations of the auditors with all the recent bank failures, CCU came out of the exam "very healthy". The CU experienced tremendous loan growth in 2022 by design with some related to the CDFI Mission and to put deposits to work. The CU has had some borrowings with the increase in lending and increase in borrower spending. The lines of credit get paid down as quickly as possible and CCU is not alone in having to borrow when compared to other CU's. Brian pointed out that the booklet lists the names of all the volunteers and employees as well as recognition of employees who won awards in 2022. The Credit Union continues to look for new opportunities to serve, especially in rural areas. CCU has maintained a CDFI designation which will allow more of a

priority to serve the underserved. The old Emerald Branch is still currently up for sale and that branch is now at its new location in Westgate Boise.

The Reports were approved. A motion was made by George McGinnis and seconded by Steve Young, Motion Passed.

Based on the last year's minutes, there was no old business to discuss.

It was asked if there was any new business to discuss? There was none.

The meeting was opened to anyone who wished to ask a question or make a comment. A question was asked by a member regarding reducing scammers as a community. Brian offered to report anything suspicious as quickly as possible. Scams seem to be appearing more often and changing quickly as well. Pay attention to best practices and educate yourself as new threats come through, stay vigilant and watch out for others that may be part of a vulnerable population.

A second question was asked by a member regarding crypto currency. The Credit Union does not do anything related to Crypto or digital currency.

A third question was asked regarding how the Net Worth Ratio is looking for 2023. Brian gave a high-level explanation of how Net Worth is calculated and stressed that the CU is doing well. At the end of March 2023, the CU was 7.2 and has made some good improvements to increase the ratio organically. CUs are audited and regulated extensively, and the CU is doing everything it should be doing as a balancing act. Brian spoke about the pre-pandemic ratio as a target and explained that there are two ways for a CU to raise capital; retained earnings and a special type of debt.

Roger took a moment to let everyone know that a vote by the BOD is to represent the entire membership and to determine the direction of the CU.

The Supervisory Committee oversees the elections and the external audits. George McGinnis, the Supervisory Committee Chair, accounted the election results. The voting was conducted online by a third-party vendor. This election there were five candidates for four open positions. The following four individuals were elected to serve a three-year term: Roger Murphy, Quentin Howard, Brad Nelson. Bob Tokle was elected to serve a two-year term. The term years were selected by the number of votes with the lowest number of votes having the shorter term.

Motion to accept the results of the election and destroy the ballots was made by Jodi Bates and seconded by Rod Eggleston, Motion Passed.

Roger thanked Charlotte Blair, who was not re-elected to serve, for her years of service and dedication. Roger asked if there were any questions from the floor, there were no more questions. Brian talked about the representation and diversity as well as the years of service the Credit Union has on the Board, Committees and Staff at the CU. The Supervisory Committee Chairman, George McGinnis extended an invitation to anyone to come out and enjoy the community events sponsored by CCU.

Roger thanked everyone for attending the meeting and for all of those who ran for the Board. Three raffle prize drawings were made via a virtual drawing, winners were contacted to pick up their prizes.

Motion to Adjourn the Meeting was made by Steve Young and seconded by George McGinnis, Motion Passed.

The meeting was adjourned at 6:37pm

Minutes Recorded by: Stephanie Tocher



Chairman's Report

It is our pleasure to welcome you to the 87th Annual Meeting of Connections Credit Union.

I would like to publicly thank the volunteers and staff for their dedicated service, which helped with our success over the past year. A big part of the Credit Union difference is the work done by member volunteers who serve on the Board of Directors, the Supervisory Committee, and other committees. The Board sets policy and direction for management to implement based on the needs and makeup of our membership. The Supervisory Committee, under the direction of George McGinnis, does a thorough job to verifying policies and making sure internal procedures are followed. I am grateful for our dedicated employees who strive to make each Credit Union members experience a positive one. I would like to express gratitude for our executive management team under the direction of Brian Osberg. They provide guidance to the Board of Directors to keep Connections Credit Union one of the strongest Credit Unions in the State. I couldn't begin to express how grateful I am to our membership for their dedication to Connections Credit Union.

Financial and operational results worth noting include the following:

- State Department of Finance and NCUA exams continue to give us high marks for excellent Credit Union performance
- Monthly Board and ALM Meetings
- Ten branches connecting Southern Idaho serving 21,000 members
- Kasasa, Lending, and Competitive Savings and CD rates.

Community Involvement:

- Community Involvement hours (884)-All Branches
- Kleiner Park Live-City of Meridian-Meridian Branch
- CASA Golf Tournament-Pocatello Branches
- Bonneville Neighborhood Block Party-Pocatello Branches
- See Spot Walk-Boise Branches
- Riverton Pumpkin Fest-Heyburn Branch
- Magic Valley Pediatric Golf Tournament-Twin Falls Branch
- Nampa Senior Fair-Nampa Branch
- Zoo Day – Zoo Idaho-Pocatello Branches-3,654 guests
- Highland High School 5K Fun Run Fundraiser-Pocatello Branches
- There are many others that our branches were involved in. Too many to display them all. The Branches and employees are to be commended for their community involvement!

The Board continues to consider various opportunities to reach out to potential members along with exploring new services to enhance member benefits. As Connections Credit Union moves forward, we look for your continued support as we serve our members and the communities we live in.

Roger Murphy, Board Chairman

Supervisory Committee Report

Greetings fellow Members/Owners:

I would like to thank the dedicated members of the Supervisory Committee for fulfilling their responsibilities throughout the previous year.

The Supervisory Committee is charged with reviewing various aspects of the Credit Union operations and functions. The committee has responsibility for the annual election of Board members. In 2023, the election was held electronically with four candidates being elected to serve. Three of those individuals were incumbents and one was newly elected.

The committee meets quarterly to review audit findings and go over aspects of those audits. Included in the quarterly audits are a review of board minutes, corporate visa account, general ledger accounts, a review of loans, below minimum accounts, and general security measures. The committee personally reviews dormant accounts, open and closed accounts, cash counts conducted by the credit union, and the corporate credit card accounts. Minutes of the Board meetings are reviewed for verification of appropriate action by our professional staff. Accounts of professional staff, the Board and members of the Supervisory Committee are reviewed to ensure that there are no "inside" inappropriate transactions. The committee also reviewed an Automated Clearing House audit, a Bank Secrecy Act audit, and a separate Mortgage File Review. The exam performed by regulatory agencies along with the quarterly supervisory committee audits have resulted in findings of propriety in all areas. No significant deficiencies were reported to us. The reports reflect the quality work of the management and staff in service to our membership.

We are happy to report that the findings of the committee reflect that Connections Credit Union is a financial institution properly administered and healthy and growing at a reasonable rate to ensure a bright future.

We as the Supervisory Committee have worked well with CEO Brian Osberg and wish him well on his upcoming retirement.

George McGinnis, Chairman
Jodi Bates
Keith Iannacone

Ron Peckenpaugh
Carol Deutsche
Rod Gallagos



President's Report

Welcome to the 87th annual meeting of Connections Credit Union. The summary financial statements reflect another very solid year for Connections. With the rapid increase in interest rates, competition for deposits became the industry norm in 2023. With this shift, balance sheet management became more important than ever. To ensure adequate liquidity levels, loan growth was strategically slowed until 2024. The focus on maintaining a static balance sheet allowed the net worth ratio to increase close to 70 basis points, ending the year at 7.73%.

2024 may bring some challenges to our members due to stubbornly high inflation, and high interest rates, resulting in household budgets being squeezed. The uncertainty of the economy, an election year, and global unrest all contribute to prudent spending and the need to rebuild savings.

No significant changes or additions occurred to branch locations in 2023. Over the past five years, four branch locations have either been relocated to new locations or have undergone significant remodeling. In addition to branches, a new member support center and administration building have been added in the five-year period. Looking forward, the Heyburn branch will undergo a significant upgrade, including an expanded drive-up area. Plans will also begin in 2024 for a major internal upgrade to the Oak St. branch in Pocatello. The start date of this project is yet to be determined.

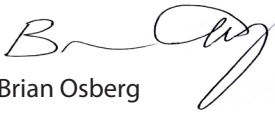
Technology and the pace of change have also been a priority in order to stay up with the online presence our membership expects, as well as staffing to provide the best possible service for all of the changes. The pace of change, and the evolving financial landscape has contributed to some staff turnover since 2020. Competition for competent employees that fit the culture of Connections has been very tough. We have been fortunate to add some very well qualified employees in 2023 who will be part of the future success of the Credit Union.

President's Report

After more than 37 years at Connections/Potelco, this annual meeting will be my last in an official capacity. I will be moving on to the next chapter in my life with retirement at the end of June. I could never have imagined a more rewarding career path or a better group of dedicated team members and volunteers to work with for so many years. Connections is in very good hands going forward with a great Executive team, and more than 80 employees with a "member first" mindset.

Please take a minute to thank the staff and volunteers for all their hard work and dedication. The continued success of the Credit Union can only be achieved with a great staff and our dedicated group of volunteers.

Thank you for your continued support of your Credit Union. We look forward to many more years of service to the community.



Brian Osberg

President/CEO



Balance Sheet

	2023	2022
ASSETS		
Loans	\$200,362,999	\$204,670,858
Allowance for Loan Loss	\$(795,355)	\$(536,555)
Cash and Cash Equivalents	\$11,105,068	\$6,235,541
Total Investments	\$14,234,944	\$14,479,080
Land and Building	\$15,042,289	\$15,756,641
Other Fixed Assets	\$877,280	\$1,002,020
NCUA Share Insurance Fund	\$2,059,810	\$2,062,634
Other Assets	\$3,450,876	\$6,007,502
Net Unrealized Carrying Value	\$(394,511)	\$-
TOTAL ASSETS	\$245,943,400	\$249,677,721
LIABILITIES		
Borrowings	\$6,800,000	\$9,684,490
Accrued Dividends	\$-	\$-
Other Liabilities	\$2,098,497	\$1,473,309
SHARES AND EQUITY		
Unrealized Gain/Loss on AVS Instruments	\$(394,511)	\$-
Total Shares and Other Deposits	\$218,461,019	\$220,838,522
Regular Reserves	\$825,331	\$825,331
Undivided Earnings	\$10,670,502	\$9,517,683
Equity Acquired in Mergers	\$5,978,826	\$5,978,826
Net Income	\$1,503,737	\$1,359,560
TOTAL LIABILITIES & EQUITY	\$245,943,400	\$249,677,721
MISC. INFORMATION		
Charged Off Loans	\$935,560	\$375,435
Recoveries	\$152,034	\$188,665
Number of Loans Granted	1,652	3,809
Amount of Loans Granted	\$47,825,757	\$128,769,403
Number of Members	20,976	20,301

Income Statement

	2023	2022
INCOME		
Loan Income	\$11,226,088	\$8,715,926
Investment Income	\$417,304	\$291,138
Other Income	\$2,526,650	\$2,511,667
TOTAL INCOME	\$14,170,042	\$11,518,731
EXPENSES		
Employee Compensation & Benefits	\$5,921,825	\$5,543,431
Travel and Conference	\$111,748	\$104,208
Office Occupancy	\$648,113	\$646,908
Office Operations	\$1,624,937	\$1,237,018
Education and Promotions	\$392,134	\$407,853
Loan Servicing	\$153,484	\$206,495
Professional & Outside Services	\$299,700	\$324,741
Provision for Loan Losses	\$878,330	\$329,990
Operating Fees	\$36,755	\$34,981
Miscellaneous Expenses	\$160,875	\$273,721
TOTAL EXPENSES	\$10,227,901	\$9,109,346
NON-OPERATING GAINS		
INCOME BEFORE COST OF FUNDS	\$3,942,142	\$2,409,385
Interest on Borrowed Money	\$454,590	\$169,074
Dividends	\$1,983,815	\$880,751
NET INCOME	\$1,503,737	\$1,359,560

Board Of Directors

Roger Murphy	Chairman
Rod Eggleston	Vice Chair
Brad Nelson	Secretary
Quentin Howard	Director
Ron Lloyd	Director
Shiela Eriksen	Director
Amber Christensen	Director
Steve Young	Director
Bob Tokle	Director
Blaine Killpack	Advisory Director

Supervisory Committee

George McGinnis	Chairman
Keith Iannacone	Member
Jodi Bates	Member
Rod Gallegos	Member
Carol Deutsche	Member
Ronald Peckenpaugh	Member

2023 Connections Credit Union Staff Awards

Credit Union Philosophy Award

The Credit Union Philosophy award is presented to an employee who demonstrates on a daily basis the Credit Union philosophy of “People Helping People.” The recipients of this award live this philosophy by treating members like family.

2023 Philosophy Award Recipient - Dee Murphy

Rock Star Rookie Award

This is an individual that has been with the Credit Union for less than two years. As the Rock Star Rookie this team member demonstrates high standards of member service through staff, vendor, and Member dealings.

**2023 Rock Star Rookie Award Recipients -
Miguel Garcia and Jackie Ramirez**

You Got It Award

This is someone who takes on every task assigned to them or steps up to volunteer for additional tasks with a “Yup, You Got It” attitude.

**2023 You Got It Award Recipient -
Maria Smith**

People Whisperer Award

A horse whisperer is an individual who trains a wild horse to accept a saddle and human rider. Also known as natural horsemanship, the technique is based on developing a rapport with a horse and rejects forceful or abusive methods. The individual who is the recipient of the People Whisperer award relies on methods of communication to diffuse or take control of a tense situation without relenting.

2023 People Whisperer Award Recipient - Lindsay Kiernan

All Day Every Day Award

All Day Everyday describes the effort in which an employee puts in all day long without wavering to set high standards for Member Service and communication between co-workers and Members. This individual takes on additional tasks wherever and whenever needed.

2023 All Day Every Day Award Recipient - Berklee Sampson

Ripple Effect Award

A Ripple Effect is a situation in which ripples expand across the water when an object is dropped into it. Connections would like to recognize the following award recipient for making a ripple effect of positivity throughout the Credit Union through their positive attitude and contagious spirit.

2023 Ripple Effect Award Recipient - Patty DeLuna

Staff

Years of Service

Brian Osberg	President/CEO	37
Jamie Simmons	Executive Vice President	29
Shannon Lord	Chief Operating Officer	36
Stephanie Tocher	Chief Lending Officer	10
Justin Dance	Chief Finance Officer	01
Evelyn Fox	Nampa Loan Officer	35
Connie Pettit	Automated Payment Specialist	22
Melissa Lloyd	Downtown MSR	20
Rhonda Ellsworth	Firth Branch Supervisor	19
Dee Murphy	Member Resolutions	17
Jamie Prather	Nampa MSR	17
Jamie Reynolds	Olympus Branch Supervisor	17
Lacey Temple	Heyburn Branch Supervisor	17
Melissa Bowman	Member Service Manager	17
Johanna Strait	Oak St. MSR	15
Aaron Fewkes	Marketing Manager	14
Anna Hill	Indirect	13
GinGar Lancaster	Credit Manager	12
Karissa Farnham	Branch Operations Manager	9
Rusty Vitek-Pusey	Online Lending Director	9
Cindy Andler	Nampa MSR	8
Devin Roberts	IT Supervisor	7
Matt Hansen	Member Resolutions	7
Jade Banks	Westgate Branch Supervisor	7
Andrea Pedraza	Member Support Center	6
Berklee Sampson	Member Support Center	5
Michael Torres	Mortgage Consultant	5
Tara Peterson	Firth Loan Processor/MSR	5
Gary Motzner	Downtown Branch Supervisor	5
Cameron Corpus	Firth MSR	5
Laura Howard	Meridian Branch Supervisor	5
Patty DeLuna	Heyburn MSR	5
Jessie Cole	Mortgage Loan Processor	5
Lindsay Kiernan	Meridian Loan Officer	5
Brooke Johnson	Twin Falls MSR	4
Anali Ayala	Meridian MSR	4
Kayla Rasmussen	Member Support Center	4
Shelly Kleinkopf	Human Resources Manager	4
Makayla Williams	Westgate MSR	4
Misa Cisneros	Indirect	3
Erin Orgill	Olympus MSR	3
Boe Schritter	Olympus MSR	3
Carly Peterson	Olympus MSR	3

Staff

Years of Service

Antoinette Smith	Accounting Clerk	3
Janelle Mendoza	Nampa MSR	3
Kailee Elliott	Meridian MSR	2
Andee Barger	Heyburn Loan Processor	2
Shantell Cuevas	Heyburn MSR	2
Liz Freeman	Twin Falls Branch Supervisor	2
Ryan Hudson	Twin Falls MSR	2
Maria Smith	Indirect Supervisor	2
Jake Walden	Oak St. MSR	2
Dalethea White	Member Resolutions	2
Candida Burgett	Member Resolutions	2
Dani Christensen	Oak St. MSR	2
Liz Card	Oak St. MSR	2
Salena Perez	Loan Officer	2
Jackie Ramirez	Idaho Falls MSR	2
Miguel Garcia	Idaho Falls Loan Processor	2
Felicia Rodriguez	Accounting Clerk	1
Trish Moon	Idaho Falls MSR	1
Haley Bentley	Meridian MSR	1
Matt Johnson	Meridian MSR	1
Patricia Crawford	Member Support Center	1
Katie Delgado	Twin Falls MSR	1
Amy Garland	Westgate MSR	1
Shannon Holtan	Nampa Branch Supervisor	1
Izaiah Kinslow	Oak St. MSR	1
Isabelle Marshall	Member Support Center	1
Shantell Mendez	Oak St. Branch Supervisor	1
Laura Meza	Idaho Falls Branch Supervisor	1
Kory (Annie) Miller	Oak St. MSR	1
Chelsia Neto	CDFI Coordinator	1
Kevin Ortiz	Marketing Coordinator	1
Colton Parkinson	Marketing Coordinator	1
Lydia Scott	Firth MSR	1
Victoria Garcia	Resoultion Supervisor	< 1 year
Mindy Henderson	Mortgage Underwriter	< 1 year
Timothy Martinez	IT Specialist	< 1 year



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