

71st Annual Business Meeting 2023 Report

Wednesday, May 22, 2024



2023
Report

**HIGHWAY
CROSSROADS**
CREDIT UNION

We always go the extra mile

STAFF & OFFICIALS

Credit Union Staff

Lindi Lynch
Brandi Hicks
Tonya Guevara
Natalie Scott
Alexi McGowan

Elected Board of Directors

TERM EXPIRES

Officers

Jeff Wachter, Chairman	2026
David Wyman, Vice Chairman	2026
Mike Brandon, Treas/Secretary	2024

Scott Perry	2025
Brooks Pratt	2025
Jessie Philpot	2025
Mark Pfeffer	2024

Supervisory Committee

Julie Duenne, Chairman	2025
Kristy Pettit	2024
Michael Harris	2024

*We would like to extend a special thanks to all the staff, volunteers and members who contribute to the Credit Union in so many ways.
Without your efforts, our success would not be possible.*

MEETING AGENDA

I. Welcome and Introductions

II. Reading of Minutes

III. Chairman's Report

IV. Treasurer's Report

V. President's Report

VI. Supervisory Committee

VII. Report of Nominating Committee

VIII. Election of Officials

IX. Old Business

X. New Business

XI. Adjournment of Business Meeting

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OFFICIAL MINUTES

Official Minutes of the 70th Annual Membership Meeting June 26, 2023

David Wyman welcomed all Zoom Meeting attendees, thanked them for participating and explained the process of raising their hand to speak during the virtual meeting. Dave introduced the board members, supervisory committee, and the staff of HCCU.

Jeff Wachter, Chairman of the Board of Directors, called the meeting to order at 11:00 am on Monday, June 26, 2023 via Zoom Meeting platform. Seventeen members were in attendance for the business meeting. were logged into the zoom conference. The minutes of the 69th Annual Meeting were approved by Jessie Philpot and seconded by Scott Perry.
MOTION CARRIED.

Michael Brandon, Treasurer was introduced for the reading of the Treasurer Report. Mike presented the treasurer report and emphasized the loan growth with slides to display the financial status as of 12.31.2022 along with the five-year history.

Michael Brandon then reintroduced Lindi Lynch, President of Highway Crossroads Credit Union. Lindi presented the President's report along with key performance indicators for loan volume, share volume, membership, and dividends to membership. Lindi reported HCCU had an exciting and challenging year. She stated the prior year record breaking million-dollar month in December 2021 was exponentially surpassed in 2022. Six months closed at over \$1 million in loan volume. Lindi recognized each of the team members for HCCU, Brandi Hicks, Tonya Guevara, Natalie Scott and Alexi McGowan. Lindi then turned it over to Julie Duenne, Supervisory Committee Chairman.

Julie presented the Supervisory Committee Report and spoke about her pride in watching the Credit Union grow and the financial strength of our credit union. She also spoke about the examinations which were conducted in 2022.

Jeff Wachter presented the reading of nominees for the 2023-2024 Board of Director vacancies.

Jeff requested additional nominations from the floor and no nominations were made, Jeff asked for a motion to accept the list of nominees to be elected by acclamation. **MOTION CARRIED** with no dissenting votes.

The results were as follows:

Jeff Wachter was re-elected to the Board of Directors for a three-year term.

David Wyman was re-elected to the Board of Directors for a three-year term.

Jeff Wachter called for Old Business. None.

Jeff Wachter called for new business.

David Wyman presented the results of the Special Meeting held on November 10, 2022. The standard by laws were amended to include a field of membership expansion to include all persons which live or work in the following Missouri counties: Cape Girardeau, Mississippi, New Madrid, Scott and Stoddard County. In addition, Article 8: Section 8.1 was amended to secure the majority of the board of directors (governing body of the Credit Union) will be held by a representative of each of the founded core organizations (active or retiree) of MoDOT and/or MSHP. The Certificate of Approval of the Amendment of the Credit Union By Laws was signed, sealed and delivered on January 3, 2023.

David Wyman made a motion to adjourn the business meeting at 11:28 am, Scott Perry seconded the motion. **MOTION CARRIED.**

All attendees were reminded to attend the Member Appreciation Event to be held September 9, 2023.

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CHAIRMAN'S REPORT

On behalf of the Credit Union Board of Directors, staff and committee members, I welcome you to our 71st Annual Membership Meeting. In accordance with Missouri Division of Credit Unions, virtual business meetings are an acceptable component in conjunction with an in-person gathering for those who are unable to attend virtually. The past three years, we have hosted our membership appreciation event in the fall, which has been successful in gathering more than 200 of our credit union members. We will be holding our Membership Appreciation/Business Meeting in person on Friday, September 13, 2024.

One of the primary indicators of how well our members are receiving the products and services we offer is our growth in assets and membership. Our year end assets were 24.3 million, an increase of 21% over 2022. Likewise, membership has increased by nearly 10%.

Highway Crossroads Credit Union continues to be a well-capitalized financial institution, with a strong net worth ratio of nearly 15%. We recognize our return on assets and net income were substantially lower this year, as compared to years past, which was solely due to the increased cost of funds (higher deposit rates paid to our membership).

Our Credit Union, along with many others, have continued to face challenges with liquidity. Our field of membership expansion proved to satisfy our need for deposits and we will continue the balancing act this year. Our board of directors and our management will continue to manage our liquidity position.

Our staff and leadership of the Credit Union continually provided the utmost level of service to all of our members. This is evident in our continued loyalty and new membership growth with minimal losses to the Credit Union.

I would also like to personally thank the members of the Board of Directors, the Credit Union Staff and the Supervisory Committee for their hard work and dedication. Finally, I would like to acknowledge you, the members, for your continued support of the Credit Union. Without your loyalty and dedication, this fine Credit Union could not exist.

Best Regards

Jeff Wachter
Chairman, Board of Directors
Highway Crossroads Credit Union

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TREASURER REPORT

Highlighted below is a summary of our Credit Union's key financial performance over the past five years. I'm pleased to report the Credit Union's financial performance during this period has remained strong. More specifically, our key ratios measuring management of the Credit Union's assets show that assets are changing. In the prior year, our loan volume out paced our deposit growth, 2023 was the reverse. Our deposits grew with membership growth, which was valuable in our liquidity challenge, but also increased our cost of funds, as dividends paid on deposits have been at an all-time high.

As for the Credit Union's financial position on December 31, 2023, assets reached nearly \$25 million. Our mission in 2023 was to focus on membership and deposit growth. We continue to experience growth in all avenues. Over the past 5 years, our loans have grown by 92%, our membership has increased by 40% and our deposits have raised by 93%.

On a final note, this success would not have been possible without you, our loyal members, and the hard-working Credit Union staff. We appreciate your support and on behalf of all the management, staff, and officials, I thank you for making a difference in helping our Credit Union remain strong. Our Statement of Financial Condition as of December 31, 2023 and Statement of Income and Expenses for the year ending December 31, 2023 are presented after this report. Should you have any questions, please do not hesitate to ask.

	2023	2022	2021	2020	2019
Income	\$1,453,466	\$1,082,890	\$855,778	\$796,864	\$734,399
Expense	\$941,503	\$731,010	\$585,742	\$576,985	\$523,545
Dividends to Members	\$377,534	\$107,524	\$128,807	\$129,413	\$131,548
Net Income	\$134,629	\$244,355	\$151,985	\$90,466	\$79,306
Total Investments	\$744,000	\$992,000	\$1,192,000	\$1,096,000	\$2,438,000
Total Loan Balance	\$19,343,288	\$18,119,012	\$13,465,182	\$11,234,681	\$10,128,217
Total Member Deposits	\$20,576,361	\$16,826,081	\$16,289,568	\$14,152,057	\$10,689,801
Total Asset Size	\$24,308,228	\$20,506,898	\$19,583,781	\$17,252,769	\$13,897,442
Total Equity	\$3,461,279	\$3,351,637	\$3,107,282	\$2,936,061	\$2,864,831
Return on Average Assets	0.59%	1.20%	0.79%	0.53%	0.57%
Total Loans/Total Deposits	95.16%	107.68%	82.70%	79.40%	93.08%
Average Deposit/Member	\$8,819	\$7,929	\$8,597	\$6,766	\$6,451
Membership	2304	2122	1894	1750	1657

Mike Brandon
Secretary / Treasurer
Highway Crossroads Credit Union

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FINANCIAL STATEMENTS

Highway Crossroads Credit Union
Statement of Financial Condition
Year Ended December 31, 2023

Assets

Cash and Operating Accounts	\$864,993
Short-term Investments	\$1,939,644
Long-term Investments	\$744,000
Loans to Members	\$19,343,288
Allowance for Loan Losses	(\$137,778)
Equipment	\$36,514
741 York Drive	\$798,884
Other Assets	\$718,683
TOTAL ASSETS	\$24,308,228

Liabilities and Members' Equity

Liabilities

Member Deposits	\$20,576,361
Accounts Payable and Accrued Liabilities	\$270,588
Total Liabilities	\$20,846,949

Members' Equity

Undivided Earnings	\$3,161,282
Regular Reserve	\$299,997
Total Members' Equity	\$3,461,279

TOTAL LIABILITIES AND MEMBERS' EQUITY **\$24,308,228**

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FINANCIAL STATEMENTS

Highway Crossroads Credit Union
Statement of Financial Condition
Year Ended December 31, 2023

INCOME

Loan Income	\$1,207,419
Investment Income	\$46,788
Fee Income	\$74,653
Other Operating Income	\$124,804
Total Income	\$1,453,665

NON INTEREST EXPENSE

Compensation and Benefits	\$332,706
Office Occupancy Expense	\$67,162
Professional Outside Services	\$96,127
Office Operations	\$102,096
Products and Services Expenses	\$156,412
Other Expenses	\$187,000
Dividends to Members	\$377,534
Total Expenses	\$1,319,036

NET INCOME

\$134,629

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PRESIDENT'S REPORT

As you know, the credit union industry is unique in its structure. Our members are also our owners, and we are accountable to them - to you! As a member-owner, you make the decisions and participate with your vote. Being informed on our current state of affairs so that you can make intelligent choices benefits us all, so thank you for taking time out of your busy schedule to be here and take an active role in your local credit union!

Since the start of the pandemic, members have recognized and valued the credit union difference, and have appreciated the ways their credit unions have helped them through these past several years with fewer disruptions. The pandemic caused the financial industry to rethink many of its standard business practices, and work to come up with innovative and more efficient processes moving forward.

- Develop more online banking tools.
- Expand account options and offer new products.
- Streamline and simplify our processes wherever possible.
- Reduce and eliminate fees.
- Have robust cybersecurity measures in place.
- Continue our priority of outreach and involvement in our local communities.

Online banking is here to stay, and this move away from onsite services presents a challenge in order to create an experience that still feels personal, but is also convenient and navigable. More and more members prefer to bank online, and easy to navigate websites and apps are a priority, so that even our less tech-savvy members can easily utilize them.

We added IRA Accounts to our list of products and services this year, we hope will help to round out savings and retirement options for our membership.

Meeting the challenges presented by our current economy, political landscape, infrastructure, and environment head on, and working to continue to embrace digital technologies and transform into a modern and flexible business that serves our members and our community is a top priority for Highway Crossroads Credit Union.

Regardless of how much we grow, however, we still measure our success by helping one member at a time. We promise to provide you exceptional value, convenience and personal service each day. We are your financial family - it is comforting to handle your business with folks who always know your name!

Highway Crossroads Credit Union continues to grow and now serves over 2,300 member-owners. We will continue to focus our efforts on providing you with the financial products and services you need to make the most out of your hard-earned money and achieve your financial goals. Whether it's in-person, online, or on the go with a mobile device, Highway Crossroads Credit Union offers you convenient options that help make managing your money easier than ever.

2023 did not disappoint; it was another year of challenges, rewards and excitement. I believe we have a lot to be proud of with the impact our Highway Hero Honoree organization has made. Our small credit union has pooled resources and presented \$180,000 worth of scholarships in only 7 short years!

We are your credit union, here to serve you, and we couldn't do it without your input and involvement! As our member-owners, you are integral to our credit union family, and we are sincerely grateful that you've chosen us as your financial partner. We wish you a healthy and prosperous 2024.

Thank you for trusting us and embracing all the benefits our financial relationship with you has to offer.

Lindi Prindle
President
Highway Crossroads Credit Union

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SUPERVISORY COMMITTEE REPORT

It is the responsibility of the Supervisory Committee of the Highway Crossroads Credit Union to deliver an annual report to the membership as to the condition of the credit union. The Highway Crossroads Credit Union Supervisory Committee consists of three members appointed by the Board of Directors. The term of each committee member is for a three-year term expiring at the first regular meeting of the board following each annual meeting or until the appointment and qualification of successors. Its function and responsibilities are set forth in the rules governing State Chartered Credit Unions and is responsible to the members to protect their interests. Accordingly, the primary objectives and responsibilities of the Supervisory Committee are:

- To verify the Credit Union's management practices and procedures are sufficient to safeguard members' assets against material error, carelessness, conflict of interest and fraud.
- To confirm the internal controls are established and effectively maintained to achieve the Credit Union's operating and financial reporting objectives.
- To validate the financial condition of the Credit Union by ensuring the accounting records are promptly recorded, financial reports are prepared timely and results of operations are accurately reflected in the financial statements.

To accomplish these objectives, we hire an independent firm specializing in Credit Union examinations.

J. Tenbrink and Associates performs the independent examinations for Highway Crossroads Credit Union. J. Tenbrink and Associates was engaged to perform an annual comprehensive examination of the Credit Union's operations as required by NCUA regulations. The Supervisory Committee also periodically performs a verification of member account balances as required by law, corresponds with members whose memberships have been closed, and conducts other periodic procedures as deemed necessary throughout the year. The results of these examinations are presented to the Board of Directors to document the accounting records and reports are being effectively maintained within the Credit Union and practices are being administered in accordance with existing rules and regulations.

In addition to the independent annual examination and procedures highlighted above, your Credit Union is annually examined by Missouri Division of Credit Unions. The examination has of December 31, 2023 reported liquidity risk has improved since the prior examination, noting management has been proactive in managing liquidity and monitoring practices adequately. Credit Risk, nationwide has been increasing, and HCCU is not immune to the incline. On a positive note, the 30 day delinquency is only slightly higher than the 60+ day...therefore not signaling any larger delinquencies on the cusp. Strategically, examiners were complimentary on the apparent goal achievement of growth in loan, deposit and banking services.

While changing economic situations have presented challenges, the management of the credit union continues to be flexible and responsive and makes appropriate decisions to ensure the continued safe and sound operation of the credit union.

The members of the Supervisory Committee sincerely appreciate the support and assistance provided by the Board of Directors, and the Credit Union management and staff throughout the year. It is because of their dedication and hard work that the credit union continues to provide superior service to our members! We also wish to express our gratitude to the membership of the Credit Union for their patronage and friendship.

Submitted by:

Julie Duenne
Chairperson, Supervisory Committee
Highway Crossroads Credit Union

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NOMINATING COMMITTEE REPORT

Highway Crossroads Credit Union is a member-owned financial cooperative. All qualified persons interested in serving in a voluntary capacity as an elected official are encouraged to seek election. Elections for the 2024 Annual Meeting will be held for two board positions; each to serve for a term of three years, with all terms commencing immediately following the 2024 Annual Meeting, May 22, 2024.

On March 28, 2024, the Nominating Committee reported to the Board of Directors two individuals they determined to be qualified, eligible and willing to serve and seek re-election to the respective positions on the Board of Directors and Supervisory Committee.

Board of Director Nominees

(Term expiring in 2024)

Mr. Michael Brandon Mr. Brandon began his career at MoDOT in December of 2000 after graduating from Southern Illinois University. He was hired as a Highway Designer and spent time cross training in Construction. In 2012 he served as the District Pavement Specialist. In 2014 he then began serving as a Transportation Project Designer. He has served in his current role of District Planning Manager since 2019, overseeing the Southeast District's planning activities. He began volunteering on the Credit Union's Board of Directors in 2006 and has served as Secretary/Treasurer since 2008. He married his wife, Danie in 2005, who is a Registered Nurse serving in the Sikeston area. They have a 17-year-old daughter, Kinsley, and a 15 year old son, Jake. They reside in Sikeston and enjoy serving their church, Compassion Church, of Sikeston.

(Term expiring in 2024)

Mr. Mark Pfeffer: Mr. Pfeffer began his career at MoDOT in 1988 working summers for various sheds while attending school. He began full-time in 1992 on the survey crew. About six years later he moved over to Design and worked his way up to a Senior Highway Designer. Mark served on the Credit Committee as an alternate from 2007 until he joined the Board of Directors in 2012. Mark has served the board for over ten years and takes great pride in being a part of the growth our Credit Union has experienced. Mark and his wife, Carmen, have two children. Their oldest, Carson and their youngest, Cotton will enter junior high at New Madrid County.

Supervisory Committee Nominees

(Term expiring in 2024)

Mr. Michael Harris: Mr. Harris was hired at MoDOT in December of 1996, most of this time was spent in the Design department. The approximately 3 years that he was not in the Design Department were spent in our Construction Department. He started as a Design Technician and is currently working as a Senior Highway Designer. Mike has served on the Supervisory Committee since 2018. Mike is married to Rewa and they have two children, Levi and Cierra, both of whom graduated from the College of the Ozarks.

(Term expiring in 2024)

Mrs. Kristy Pettit Mrs. Pettit began her career at MoDOT in January of 1994 in the Human Resources/Financial Services Department at the Sikeston District Office. She continues her career in the Financial Services Department as a Sr. Financial Services Specialist. Kristy and her spouse, Shane, have two children, Madison and Noah. Though the real loves of her life are Teagan (7) and Kase (6), her grandchildren.

In addition to the nominations of the Nominating Committee, the bylaws permit eligible members to apply for nomination by a petition of the membership made from the floor, at the Annual Meeting. All qualified, eligible members seeking nomination must be at least 18 years of age, a member in good standing and be willing to fulfill the obligations of the office until their full term expire

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SERVICES TO MEMBERS

MEMBERSHIP ELIGIBILITY

Membership eligibility for Highway Crossroads Credit Union is available to individuals who meet any of the following eligibility requirements:

- Live or work in the following Missouri Counties: Cape Girardeau, New Madrid, Mississippi, Scott or Stoddard
- Full-time employees of the Southeast District of the Missouri Department of Transportation (MoDOT)
- Full-time employees of Troop E of the Missouri State Highway Patrol (MSHP)
- Retirees that have retired while actively employed by the above-mentioned organizations.
- Immediate family members of any current members are also eligible to join.
Immediate family is defined as spouse, child, sibling, parent, grandparent, grandchild, aunt, uncle, niece, nephew, first cousin or legal guardian. Also included are step, in-law and legally adoptive relationships.

DEPOSIT SERVICES

Checking

Share Draft Checking
Complimentary Checks
No Annual Fee Overdraft Transfer Protection Plan

Share Certificates

6, 12, 24 & 36 month
Periodic Certificate Promotions

IRA Accounts

Savings

Share Accounts
Christmas Club Accounts
Youth Accounts

24 - Hour Access Services

Internet Member Access (IMA)
Mobile App – Mobile Banking
One Click – Bill Pay
Mastercard Debit Card
E-Statements
ATM
Night Deposit



DEPOSIT INSURANCE

Your savings are federally insured to at least \$250,000 by the NCUA (National Credit Union Administration) and backed by the full faith and credit of the United States Government.

LOAN SERVICES

New & Pre-Owned Vehicles
New & Pre-Owned Boat, RV & Travel Trailer
New & Pre-Owned Recreational Items
Mortgage Products

Share Secured
Personal/Signature Loans
Special Lending Promotions
Revolving Lines of Credit

INSURANCE SERVICES

Members can purchase the following optional, low cost insurance services through their Credit Union.

Certain restrictions may apply.

Collateral and Payment Protection

Vehicle Service Contracts through Route 66
GAP Insurance (covering the difference between insurance settlement amount and outstanding loan balance)
Credit Life and Disability Insurance

MEMBER SERVICES

Notary Services	Travel & Auto Maintenance Discounts	Scholarship Program	Wire Transfers
Skip-A-Payment Program	Savings Bond Redemption	Certified Checks	Direct Deposit
NADA Online	ACH Transfers	Auto Link	Mobile Deposit
ATM	Night Deposit	Texting Service	Electronic Signatures