



ASSOCIATED
HEALTHCARE
Credit Union

69th Annual Meeting Program

February 24, 2022

Chairperson's Report – Thomas Gavinski

Welcome to the 69th Associated Healthcare Credit Union (AHCU) Annual Meeting. Our credit union remained healthy and strong in 2021 even with the challenges of the pandemic and an unpredictable economy. The credit union experienced sustained growth with excellent financial results for the year 2021. Thanks to our dedicated credit union staff for a job well done.

This will be my last Annual Meeting Message as your Board Chair. I plan to step down as your Board Chair after our annual meeting in February 2022. I plan to complete my last year of my current term as a Board Member assisting with the transition to a new Board Chair. My term ends February 2023. The credit union board will elect a new slate of board leaders at the Annual Credit Union Organizational meeting in February 2022.

My tenure with the Associated Healthcare Credit Union Board spans over 30 years, 20 of those as your Board Chair. It has been an honor and a privilege to serve as Chair. There was no way of knowing, at the time I arrived on the board, that I would serve over 30 years on the board. It has been a rewarding experience for me personally and it's been a pleasure to serve.

Over those 30 years the credit union has grown tremendously through organic growth and through two mergers. As your Board Chair I was blessed with two very competent credit union leaders, Jerry Ziegler and Theresa Malone. Both of these two led the credit union with dignity, strength and dedication. They both made my job as Board Chair a lot easier and I thank them for that. Also, I worked along side several board members who served many years on the board. Our credit union is fortunate to have had experienced engaged volunteers to serve on the board.

Finally, our credit union has had dedicated staff to handle the day-to-day business. I want to thank all the staff over the years for a job well done. And I want to thank all of you members who helped make the credit union a success over the years. Everyone of our members helps make a positive difference in our credit union performance.

Going forward I see a bright future for Associated Healthcare Credit Union. We have strong staff leadership, competent credit union staff, an engaged board and great membership support. Sounds like a great recipe for success. Best to everyone.

Thanks everyone,

Thomas Gavinski
Associated Healthcare Credit Union Board Chair

Financial Wellness Starts *Here.*

Minutes from the 68th Annual Meeting

February 25, 2021

Agenda

- Call to Order
- Proof of Notice of Meeting
- Declaration of Quorum
- Approval of the Minutes of the 68th Annual Meeting
- Introductions
- Report of the Nomination Committee
- Polling of Candidates
- Elections
- Chair's Report
- President's Report
- Supervisory Committee Report
- Old Business
- New Business
- Announcements
- Door Prizes
- Adjournment

Mr. Tom Gavinski, Chairperson, called the Virtual Annual Meeting to order at 7:00 p.m.

Present:

Patti Elliott-Allen	Joe Clubb
Tom Gavinski	Chris Merz
Katina McDugle	Mike Nass
Linda Zdon	

Excused/Absent: None

Supervisory:

Melba Miller	Dennis O'Keefe
Marcus Page	Jack Roe
Sarah Sullivan	

PROOF OF MEETING NOTICE

Mr. Tom Gavinski, Board Member, announced The Proof of Meeting Notice.

QUORUM

Mr. Tom Gavinski announced that 57 members registered, with 51 attendees; therefore, a quorum was present and a legal meeting declared.

Mr. Tom Gavinski introduced the Board of Directors to the membership and thanked them for their volunteerism. He introduced Theresa Malone, President.

MINUTES

The minutes of the 67th Annual Meeting of ASSOCIATED HEALTH-CARE Credit Union held February 21, 2020 were displayed and available for download. A motion was made, seconded and passed to approve the minutes.

NOMINATING COMMITTEE

The Nominating Committee Chair, Katina McDugle, introduced the 3 candidates for the three open positions on the board. There being no nominations from the floor, a motion was made, seconded and approved to accept the "white ballot" of candidates. Elected to a three-year term on the Board were Joe Clubb, Corrine

Kroehler, and Linda Zdon.

CHAIRPERSON'S REPORT

Mr. Tom Gavinski reflected on the accomplishments of the credit union over the past year despite the difficult challenges facing the country with COVID-19, civil unrest, and election fatigue among them. He noted three major accomplishments. The first is the credit union asset growth from \$119M to \$149M at year end. This is amazing and underscores the trend of people saving rather than spending in this uncertain time and the issuance of stimulus checks to taxpayers this year. The second accomplishment is the purchase of our first building in Woodbury. Renovations will follow prior to opening the lobby to our members, but the drive-through is open and management has moved to this location. The third significant item of note this year is the implementation of COVID-19 operational requirements and protocol that allowed us to continue serving our members without any closures. Tom closed with appreciation and recognition of the hard work and dedication of the staff, board, and loyal membership.

PRESIDENT'S REPORT

Ms. Theresa Malone, President, welcomed everyone to our first ever virtual annual meeting. She acknowledged that while this past year was one that we never could have imagined, the staff met the challenge with focus and commitment to providing safe and efficient service with minimal interruption. We were ready with our digital and online channels in place, virtual meetings becoming the norm, and some work from home environments established kept us going. As expected, our foot traffic, new memberships, and loan requests were down, but we saw a significant increase in deposits as financial stability became even more important.

President's Report *continued*

Ms. Malone expressed her appreciation for the continued support of our membership and shared a brief history of the credit union's milestones from the past which have shaped who we are today, and the direction of our future progression. Founded in 1953, the credit union is currently 68 years old and began as Miller Employees CU with a mission to improve their employee's financial health in a safe and equitable way. It was staffed by volunteers from the hospital and totaled 5 employees. That first year we processed 34 loans and had a 2% dividend on share balances of at least \$87.00. Over the years we have gone through 3 mergers, 4 name changes, and changed our Field of Membership to expand membership to healthcare professionals working in 33 counties in MN.

Ms. Malone reported on share growth and trends. The credit union had a \$22.4M increase in share deposits in 2020 representing 18.73% in growth. Our total assets for 2020 were \$142,184,471 which puts us in the category of a Medium Size Credit Union and among a peer group of \$100-\$500M. Looking at a 10-year trend it shows the allocation of funds within accounts at the credit union has moved from a greater percentage of funds in Certificates of Deposit and Money Market Accounts to more liquid accounts like Savings and Checking. This is partially a result of the low-rate environment and expected to continue.

Ms. Malone shared our loan statistics as well as current trends. We disbursed \$35.6M in loans this past year, a decrease of \$4.2M and 471 fewer loans than in 2019. We have 71% of Loans to Shares which represents a drop of 13% over the previous year, but still above our peer group. Looking at the breakdown of loans by type we see that used auto loans takes up the greatest share of our portfolio with Real Estate loans and Home Equity also trending up. Home improvement projects were popular this past year with more people working from home and traveling less. We continue to see a good

loan quality compared to our peers and demonstrated by low delinquency rate of 0.23%, and a reduction in loan loss due to bankruptcy. Fortunately, we have a solid membership base not as effected by unemployment as some industries during the pandemic. In addition, we have good lending policies and procedures, and experienced lenders, which has also kept these losses down. We have increased our reserves to \$14,167,956 which represents our accumulated profits over our 68 years. Sources of our income include loan interest, investment income, interchange income and service fees. Since investment interest rates are so low this has resulted in a decrease of \$177,000 in investment income, but we have managed to keep operational expenses low.

We are sharing our profits with our members through Membership Rewards based on activity. In 2020 we rewarded our Kasasa Checking Members \$105,246 and Platinum Reward Visa cardholders earned 3,510,362 points eligible for redemption! With the addition of a Cash Redemption option, we have seen the most points redeemed in a year since the program began with 1,315,299 points redeemed.

Ms. Malone shared some of the highlights and enhancements that were implemented in 2020. More notable was the move to the new Woodbury office. It will require some renovations and is not fully occupied yet, but the drive-through and a new ATM machine have been working as of June. We are looking to open to the public next year. The addition of Visa Cash Rewards in March 2020, Contactless Debit and Credit Cards, and a new AHCUCard Manager App for Debit and Credit cards are among the enhancements in the card service area. We also upgraded to Virtual Branch Next adding Bill Pay, My Financial Pul\$e and Pop Money to the Mobile App. On the lending side we implemented a new Auto Loan Recapture Program and increased member visibility for our Mortgage Lending options. In addition, a Member Survey based on transactions was implemented. Lastly, we put together a Member Video as a Thank You to

Board of Directors

Chair

Thomas Gavinski

Vice Chair

Joe Clubb

Treasurer

Katina McDugle

Secretary

Linda Zdon

Directors

Patti Elliott Allen

Corrine Kroehler

Mike Nass

Supervisory Committee

Chair

Marcus Page

Committee Members

Melba Miller

Dennis O'Keefe

Jack Roe

Sarah Sullivan

Office Locations

St. Paul Office
360 Sherman Street
Suite B-10
St. Paul, MN 55102

Minneapolis Office
2545 Chicago Avenue
S. Suite 311
Minneapolis, MN
55404

Fridley Office
500 Osborne Road NE
Suite 140
Fridley, MN 55432

Coon Rapids Office
4050 Coon Rapids Blvd.
Coon Rapids, MN
55433

Eagan Office
1460 Yankee Doodle Rd.
Eagan, MN 55121

Woodbury Office
6789 Upper Afton Rd.
Woodbury, MN 55125

President's Report *continued*

Healthcare Workers for all they have done and continue to do. Looking forward to this year we have a number of improvements on the horizon. They include: Instant Issue Debit Cards, Bonus Points Credit Cards, New Healthy Rewards Checking, Technology upgrades to servers and switches, Remodel of new Woodbury Branch, more resources in the Mortgage Department, Increased Social Media Presence, and Increase in Operational Efficiencies.

Theresa closed with a thank you to our membership for their continued patronage and the employees, board members and supervisory committee members for their hard work and service.

SUPERVISORY COMMITTEE REPORT

Mr. Marcus Page, Chairperson, introduced the committee members. He went over the role that the committee has acting as an internal audit review for the credit union which reports to the Board of Directors. The Committee audits us and ensures that the financials accurately reflect our financial situation. In addition, they audit both our procedures and internal controls and report quarterly to the NCUA and semi-annually to the State of MN. In 2020 the committee reviewed Corporate Credit Cards, 5300 Call Reports, Bank Statements and Reconciliations, and conducted Cash and Vault Audits. Our annual CPA Audit was again conducted by CliftonLarsonAllen and they gave an unmodified opinion indicating that the financial statements accurately reflect the CU's finances.

Mr. Page thanked the credit union staff, management, and supervisory committee members for all their hard work.

OLD BUSINESS

None

NEW BUSINESS

There was a motion from the floor to compensate Board and Committee Members \$25 per credit union meeting that is attended. A motion was made, seconded and approved to compensate the Board of Directors and Committee Members \$25 per credit union meeting that is attended.

ANNOUNCEMENTS

1. The door prizes were announced by Julie Cash. This year cash awards winners were generated through an electronic prize wheel and either deposited to member accounts or mailed a gift card for non-members.

MOTION TO ADJOURN

On a motion duly made and seconded, it was voted to adjourn the Sixty-Eighth Annual Meeting of the ASSOCIATED HEALTHCARE Credit Union at 8:10 p.m.

Respectfully Submitted,

Linda Zdon
Secretary

Thomas Gavinski
Chairperson

Leslee Miller
Recording Secretary

Financial Statement

ASSETS	Year End Dec. 31, 2021	Year End Dec. 31, 2020
Total Loans	\$ 111,956,858	\$ 90,509,324
Allowance for Loan Losses	(255,237)	(315,143)
Cash	13,008,402	19,944,050
Investments	2,6038,213	27,894,676
Fixed Assets	913,898	914,531
Other Assets	3,332,686	3,237,033
Total Assets	\$ 154,994,820	\$142,184,471

LIABILITIES AND CAPITAL	Year End Dec. 31, 2021	Year End Dec. 31, 2020
Share and Checking Deposits	\$ 98,030,889	\$ 88,078,232
Certificates of Deposit and Money Market	40,272,829	39,395,612
Payables	837,448	542,671
Statutory Reserve	1,208,672	1,208,672
Operating Reserve	14,644,982	12,959,284
Total Assets	\$ 154,994,820	\$ 142,184,471

INCOME	Year End Dec. 31, 2021	Year End Dec. 31, 2020
Interest on Loans	\$ 3,446,207	\$ 3,603,517
Interest on Investments	220,597	384,512
Other Income	2,464,619	1,709,573
Total Income	\$ 6,131,423	\$ 5,697,602

EXPENSES	Year End Dec. 31, 2021	Year End Dec. 31, 2020
Salary and Benefits	\$ 1,615,104	\$ 1,667,284
Operating Expenses	2,351,438	2,380,961
Interest Expense	270,489	399,761
Provision for Loan Loss	72,813	178,388
Operating Reserves	1,821,446	1,071,506
Gain/Loss On Sale of Assets	133	(298)
Total Assets	\$ 6,131,423	\$ 5,697,602