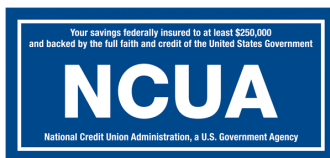




Discover the possibilities

Annual Meeting

Date: February 20, 2024, at 6:00 PM








Agenda

- I. Call to Order, Board President Chris Kowatch
 - II. Roll Call, Board Secretary/Treasurer Roger Sosebee
 - III. Introductions, Chief Executive Officer Jeffrey Kusler
 - IV. Approval of Agenda, Board President Chris Kowatch
 - V. Approval of Last Year's Minutes, Board President Chris Kowatch
 - VI. 2023 Reports, Board President Chris Kowatch
 - Chairperson's Letter, Board President Chris Kowatch
 - Letter to Members, Chief Executive Officer Jeffrey Kusler
 - Financial Report and 2023 Statement of Financial Condition, Chief Financial Officer Chris Harris
 - Supervisory Committee Report, Supervisory Committee Chair Zach Miller
- 




VII. Old Business (called 3 times), Board
President Chris Kowatch

VIII. New Business (called 3 times), Board
President Chris Kowatch

IX. Board of Directors Election Review, Board
President Chris Kowatch

X. Public Comment, Board President Chris
Kowatch

XI. Adjournment, Board President Chris
Kowatch





2023 Annual Meeting Minutes

MINUTES

Journey Federal Credit Union

Official Family

Annual Meeting February 2023

Tuesday, February 21, 2023, 6:00 pm - 6:30
pm

St. John's Branch Lobby


A. Call to Order

Chair Kowatch called the Annual Meeting of the
Members at 6:04 pm

B. Roll Call

Secretary/Treasurer Sosebee called roll to
establish a quorum of members. The complete





roster of members present has been saved with the 2023 Annual Meeting files.

C. Introductions (Board Members, Supervisory Committee, and Management)

Chair Kowatch introduced members of the Board and Supervisory Committee. CEO Kusler asked that all members of management introduce their respective employees in attendance and provide a bit of insight into their day-to-day activities for the members present.

D. Approval of Agenda


No amendments proposed

Move: Roger Sosebee Second: Dean Sharick
Status: Passed

E. Approval of Last Year's Minutes

No edits were requested





The motion was made by member Ron Zimmerman, supported by Supervisory Chair Miller. Passed.

Move: Second: Status: Passed

F. 2022 Reports

Move: Roger Sosebee Second: James Sheldon
Status: Passed


1. Chairperson's Report


Chair Kowatch provided a verbal review of his Chairman's Letter

2. CEO Report

CEO Kusler reviewed his Letter to the Membership

3. CFO Report and Statement of Financial Condition





CFO Harris reviewed our financials and provided an overview of our annual results

4. Supervisory Committee Report

Supervisory Chair Miller provided a verbal overview of the Committee's Report to the Board

G. Old Business (called three times)

After three calls, no old business was raised.

Motion made by CEO Kusler and supported by CFO Harris. Passed

Move: Second: Status: Passed

H. New Business (called three times)


After three calls, no new business was raised.

Moved by Supervisory Chair Miller, supported by CEO Kusler. Passed

Move: Zach Miller Second: Status: Passed

I. Board of Directors Election Review





As the Board received no petitions, there was no election. The three members up for reelection confirmed interest and were reelected: Sharick, Paudel, Sheldon


Move: Roger Sosebee Second: Ryan Austin
Status: Passed

J. Public Comment

Upon request for Public Comment, Supervisory Secretary Stevens stood and introduced herself as a member and commented on her appreciation of JFCU's commitment to their business members with their new fee schedule, and their commitment to members with their CEO in the lobby helping with new member registrations for online and mobile banking. Dee Sosebee commented on her appreciation of staff.

CEO Kusler moved to close public comment, supported by Supervisory Chair Miller. Passed

Move: Second: Status: Passed





K. Adjournment

Move: Roger Sosebee Second: Zach Miller
Status: Passed


Signed:

Chris Kowatch, Board Chair

Roger Sosebee, Secretary/Treasurer

Jeffrey Kusler, CEO






Board Chair, Chris Kowatch


Dear Members of Journey Federal Credit Union,
As Chairman of the Board, I am proud to share with you the significant strides we've made in the past year and to look ahead to a promising future. Under the guidance of the JFCU leadership team, we've achieved remarkable growth and transformation.

The past year was marked by significant technological upgrades and operational improvements, enhancing our efficiency and bringing us closer to our valued members.

The adaptability and commitment of our staff have been nothing short of inspiring. Their hard work and dedication have been a cornerstone in enhancing the member experience, reflected in the measurable increases in both employee and member satisfaction. This positive feedback from our community underlines the success of our approach and the commitment we have to serving our members.

This past year also marked a significant milestone with the NCUA's approval of our







Application for Charter Expansion. This achievement has allowed us to extend our services to the residents of Clare, Isabella, Mecosta, Montcalm, and Osceola counties, broadening our impact and reinforcing our commitment to community service.

Looking forward, we are excited about the transformative initiatives we have planned. The remodeling of our St. Johns and Ovid branches signifies a new era in our service model, emphasizing more personal and solution-focused interactions with our members. This innovative approach is a step towards redefining the banking experience, ensuring we meet and exceed the evolving needs of our members.

I extend my heartfelt appreciation to our CEO and the entire executive team for their visionary leadership. Their strategic direction has been crucial in guiding our credit union through these times of change and setting a path for continued growth and success.

Lastly, I want to thank you, our members, for your continued support and trust. Your engagement is vital to our success, and we are dedicated to providing the best financial products, services, and experiences to you.






As we look to the future, we are filled with optimism and are committed to our mission of serving you with excellence. We eagerly anticipate the continued journey and growth of Journey Federal Credit Union.

Sincerely,

Christopher Kowatch
Chairman of the Board of Directors, Journey
Federal Credit Union






CEO, Jeffrey Kusler


Dear Friends and Members of Journey Federal Credit Union,

As JFCU's CEO, I'm honored to reflect on the remarkable achievements we've made together over the past year and share our excitement for the future.

This past year has been one of significant advancement and strategic growth. We made a leap forward with our technological capabilities, notably transitioning our debit card portfolio to a far more advantageous partner and introducing tap cards. These changes have not only improved convenience but also strengthened the security of our services. Complementing these technological strides, we upgraded our ATM fleet and set in motion plans to transition our credit portfolio as well, providing additional enhancements to the banking experience for our members.

Our financial resilience remains a cornerstone of our strength. Despite economic fluctuations, we've maintained a robust net worth ratio and witnessed notable growth in our loan portfolio.






This success is a testament to our prudent management and your steadfast support.


A landmark achievement this year has been the expansion of our field of membership. With the NCUA's recent approval, we are now proudly serving residents in five additional counties: Clare, Isabella, Mecosta, Montcalm, and Osceola. This expansion reflects our commitment to extending our reach and enhancing the financial well-being of a broader community.

Looking ahead, we are thrilled to continue our journey of innovation and service excellence. Our plans for remodeling the St. Johns and Ovid branch buildings are geared towards a future where personal interaction and innovative problem-solving take center stage in our service model.

I extend my sincerest gratitude to our Board of Directors for their guidance and support. Their strategic insights have been crucial in navigating these successful endeavors.

Above all, I am profoundly grateful to you, our members. Your trust and commitment are the foundation of our achievements. Your feedback and engagement have been instrumental in





driving our continuous improvement. We have seen measured increases in both employee and member satisfaction, reflecting the positive impact of our initiatives on our community.

As we move forward, I assure you that our focus remains on providing exceptional service and innovative financial solutions. Thank you for being an integral part of our Journey Federal Credit Union family.

Warm regards,

Jeffrey Kusler
CEO, Journey Federal Credit Union






CFO, Chris Harris


The year 2023 was a period of careful navigation and strategic growth for Journey Federal Credit Union. Despite a challenging economic environment, our financial results demonstrate sensible asset management, effective liquidity strategies, and a focus on member-centric growth.

Asset Management and Growth:

- **Total Assets:** The year concluded with total assets at \$175.4 million, a decrease primarily attributed to members utilizing stimulus funds and exploring competitive rates at the end of 2022 and start of 2023.
- **Loans to Members:** Our commitment to providing valuable loan products is evident in the growth of our loan portfolio, which expanded from \$103.57 million in 2022 to \$109.93 million in 2023.

Liquidity and Investment Strategy:

- **Cash and Equivalents:** We enhanced our liquidity position, with cash and equivalents growing from \$6.25 million to \$15.23 million. This strategic positioning strengthens our
- 




capacity to meet member needs and support loan issuance in the future.


- **Investments:** Our investment portfolio was adjusted to \$46.71 million, a move aligned with our balanced approach to risk and yield management, ensuring long-term stability.

Financial Performance - Income and Expenses:

- **Net Income:** The financial year ended with a net income of \$678,354.
- **Income Growth:** Total income saw an increase to \$8.2 million, benefiting from higher interest income driven by increased loan balances and favorable interest rates.
- **Expense Management:** Reflecting our commitment to member value, total expenses rose to \$7.5 million. This includes proactive steps to offer competitive returns to our members and to maintain a strong reserve for loan portfolio contingencies.

Capital Strength and Sustainability:

- **Capital Position:** Our focus on financial stability led to a continued strengthening of our capital position, a key factor for future growth and institutional resilience.
- 



2023 in Retrospect: The financial year 2023 showcased Journey Federal Credit Union's ability to adapt and thrive in a fluctuating economic landscape. Our financial practices not only weathered the challenges but also set a strong foundation for future growth and community reinvestment. The results reflect our unwavering commitment to the financial well-being of our members and the long-term success of our credit union.

Respectfully,

Chris Harris
CFO, Journey Federal Credit Union



JOURNEY FCU - STATEMENT OF Balance Sheet 12/31/23

<u>ASSETS</u>	
Total Loans to Members	\$109,927,645.13
Less: Allowance for Loan Loss	(\$1,161,828.69)
Cash & Cash Equivalents	\$15,233,945.95
Investments	\$46,714,265.66
Building & Land	\$1,604,072.95
Other Fixed Assets	\$304,066.74
NCUSIF Deposit	\$1,571,165.89
Other Assets	\$1,229,124.97
TOTAL ASSETS	\$175,422,458.60
<u>LIABILITIES & EQUITY</u>	
Regular Shares & Club Accounts	\$60,029,952.72
Money Market Accounts	\$41,454,080.14
Share Draft (Checking) Accounts	\$34,811,649.00
Term Share Certificates	\$22,480,241.53
Other Liabilities	\$1,779,722.60
Undivided Earnings	\$14,665,300.65
Unrealized Gain (Loss) on Investments	-\$476,842.95
Net Income	\$678,354.91
TOTAL LIABILITIES &	\$175,422,458.60

Statistical Information

Members

19,512



FINANCIAL CONDITION FOR 2023

YTD Income & Expense Statement

INCOME

Loan Interest	\$ 5,052,146.85
Investment Income	\$ 1,188,778.15
Operating Income	\$ 1,960,966.80
Total Gross Income	\$ 8,201,891.80

EXPENSES

Compensation & Benefits	\$2,595,193.23
Travel, Conference, Memberships	\$64,711.56
Office Occupancy	\$310,883.65
Office Operations	\$919,599.79
Education & Promotion	\$162,012.76
Loan Servicing	\$231,047.00
Professional & Outside Services	\$1,177,001.15
Credit Loss Expense	\$928,172.84
Insurance & Examination Fees	\$30,483.17
Miscellaneous	\$52,974.42
TOTAL EXPENSES	\$6,472,079.57

Investment Gain (Loss)	\$ -
Real Estate Gain (Loss)	\$ -
Net Income before dividends	\$ 1,729,812.23

Less: Cost of Funds

Interest on Borrowed Funds	\$ -
Dividends Paid to Members	\$ 1,051,457.32
NET INCOME	\$ 678,354.91




*Supervisory Committee Chair,
Zach Miller*


The Supervisory Committee of Journey Federal Credit Union works with management and oversees the execution and completion of recommendations made as a result of any NCUA Examinations and internal or external audits.

The Supervisory Committee completed the following throughout the year:

- Reviewed Monthly Financial Statements
- Reviewed Currency Transactions Reports (CTR)
- Reviewed Select Policies for Compliance
- Verified Board Education Requirements
- Conducted a Member Account Verification
- Conducted internal audits on cash, closed accounts, expense reports, loan samples, membership qualifications, and file maintenance

The Supervisory Committee scheduled a comprehensive internal audit conducted by Financial Standards Group CPAs. The audit was







conducted through September 30, 2023. This annual audit found no significant weaknesses and a clean opinion was rendered by the auditing firm. Additionally, the National Credit Union Administration (NCUA) conducted an on-site examination as of March 30, 2023, during the first two weeks of 2024. Although the official report has not yet been released, Douglas Brady, the Examiner-in-Charge of our exam stated that

the exam went well and there were marked improvements over the previous exam. Much of the success is attributed to [Journey Federal Credit Union] diligently responding to many of the issues cited in the previous exam. There are significantly less findings compared to the previous exam. While this is subject to change, I am anticipating and recommending your Composite CAMELS to be a TWO.

Per the Per the NCUA, this rating is given to credit unions that are

stable and are capable of withstanding business fluctuations. These credit unions are in substantial compliance with laws





and regulations. Overall risk management practices are satisfactory relative to the credit union's size, complexity, and risk profile. There are no material supervisory concerns and, as a result, the supervisory response is informal and limited.

It should be noted that although our size and success in previous exams would typically slate us on an 18-month examination cycle, the recent approval of JFCU's charter expansion requires the NCUA perform 12-month examinations for the next three years.

Finally, the committee provides updates to the Board of Directors monthly. As with the external audit and NCUA exam, there were no significant findings from the Supervisory Committee's reviews and/or internal audits and we thank management for another strong year.

Sincerely,

Zach Miller
Supervisory Committee Chairperson





OUR
JOURNEY
NORTH

