



# ANNUAL REPORT 2024



# **CENTRICITY CREDIT UNION 2023 ANNUAL MEETING MINUTES**

**1.**

May 30 th , 1:30pm

Meeting held online via zoom and in person

Doug Ralston called the meeting to order at 1:34. Doug reported that proof of notice of the annual meeting was posted in our January newsletter and in the Hermantown Star. The notice was also posted on our online channels as well as posted in branches. The number of registrants for this year's annual meeting is a total of 41 members (27 members online via Zoom).

Approval to dispense the reading of last year's annual meeting minutes.

Pauli Custer made a motion. Jarred Bohlin seconded the motion. Motion carried.

## **Board of Director Report – Margaret Taylor**

In 2023, the Board of Directors held twelve regular meetings and several special meetings and participated in ongoing training classes required by our regulators on topics such as Bank Secrecy Act and OFAC, which is the Office of Foreign Asset Control. The Board of Directors attended educational seminars and meetings relating to a variety of financial topics. The strength and unity of the credit union system rely on the cooperation support and involvement of volunteers at multiple levels, local, state and national, to help the credit union movement have a voice in how the financial industry evolved.

Throughout the year, the Board of Directors reviews and approves all policy changes, to ensure they are following the rules and regulations set by the Minnesota Department of Commerce and NCUA. Throughout the year the Board of Directors, the management team, and Supervisory Committee review and updates our business strategies, goals, visions and mission. The board has provided directions to management at the primary focus will be to enhance our membership and staff initiatives.

Our vision is to provide modern member solutions which can be defined as exceeding expectations through an OMNI channel environment. Our mission is to better understand the members' needs and we're here to help you when life happens. On behalf of the Board of Directors, I wish to thank the Supervisory Committee President, CEO Doug Ralston and his staff for their service and dedication in making the credit union what it is today. We appreciate the privilege of serving you, the members of Centricity, Credit Union and for your support and trust in us and at this time I'd like to have my board members stand. Mark Thorston, Andy Hjelle, Pat Hendrickson, Gayle Wahner.

Pat Hendrickson made a motion to accept the Board Chair Report. Gayle Wahner seconded the motion. Motion carried.

## **Supervisory Committee Report – Tamilee Taylor Dupre**

The Supervisory Committee are composed of volunteers to serve the best interest of the credit union. The committee monitors the overall performance and the operations of the credit Union for safety and safeguards the members by ensuring policies and procedures are followed. Along with maintaining records, reports and internal controls. It is the responsibility of the committee to conduct regular and comprehensive evaluations of the credit union. This is done through the annual audits and reviews, along with the policies and procedures provided by the board of managers. This ensures the organization stays true to these, along with federal and state laws and regulations that govern centricity credit union. The committee regularly reviews, then discusses internal controls, internal and external audits and other duties that may periodically arise during business.

The Supervisory Committee engages independent firms to perform the annual financial IT and other necessary audits. Clifton Larson Allen, LLP conducts the audit and financial statements which compromise of the statement of financial condition for the year, related statements of income, comprehensive income changes in members, equity cash flows, and related notes to the financial statement and member account

verifications. Larry Tahtinen and Associates perform various internal audits during the year and report quarterly to the committee. The Minnesota Credit Union network performed BSA audits and other audits. The Supervisory Committee reviews these audits and works with the NCUA, state auditors, the Centricity Credit Union management team, The director of compliance and the VP of Finance and Risk Management. Based on the results of the internal and external reviews of 2023, Centricity Credit Union remains well managed, financially sound and in compliance with the regulations of federal, state and local laws.

As the compliance requirements change, the committee remains vigilant in protecting members' assets, safeguarding member information and ensuring the credit union remains financially managed. Members may confidently report perceived credit union violations of rules and policies, unethical behavior and other

complaints directly to the post office box for the supervisory Committee. All letters addressed to the Supervisory Committee are reviewed and actions taken immediately to address all concerns. If a member leaves contact information, we will follow up with our findings.

Centricity Credit Union - Attention Supervisory Committee, West central entrance PO Box 407, Duluth, MN 55311. This supervisory committee appreciates the professional cooperative relationship of the members.

Connie Carter made a motion to accept the Supervisory Committee report. Pat Hendrickson seconded the motion. Motion carried.

Doug thanked everyone for attending, especially since this was our first in person meeting since COVID. Doug added that we will be building our annual meeting back to what they used to be prior to COVID which will include a meal and handing out a gift.

### **CEO Report – Doug Ralston**

In 2023 the credit union celebrated its 80th business anniversary. In 2023 our staff engaged in a process where we took all our one-to three-year initiatives and established new metric goals and updated what we call a vision of excellence, which is an organizational plan moving the credit union forward. We established priorities in terms of talent retention and acquisition. We identified department growth needs and prioritized technology projects that will automate our systems for greater efficiency throughout the organization.

As a growing company, we understand that managing strategy can be both rewarding and challenging. We understand that change is ongoing and that at all levels of the organization, we need to work together to achieve success through commitment, knowledge and accountability. Over the past five years, we have invested heavily in people and solutions to help automate interaction and streamline our processes for the betterment of the membership. Management, along with our Board of Directors, have set the strategic direction of keeping the momentum of the credit union moving forward at a pace that meets the expectations and the needs of our members in a safe and sound manner.

In addition to our focus on our operational and financial success of centricity, we also have a commitment to reinvest in the communities we serve. This is done through Community Development partnerships, supporting financial education and the availability of educational scholarships through the newly formed Centricity Credit Union Foundation.

Our vision of excellence provides direction, brings clarity to our overall organizational goals with the commitment to the membership and the communities we serve. At this time, I would like to thank the Board of Directors and the Supervisory Committee for their great leadership. I would also like to thank the entire Centricity team for their commitment to our vision of excellence and our membership for their continued support throughout the year and in the past.

Mark Thorston made a motion to accept the CEO's report. Andy Hjelle seconded the motion. Motion carried.

### **CFO Report – Connie Carter**

**3.**

We are presenting our statements of financial condition and income statements for the years ended December 31st, 2022, and 2023 and the segments of historical data spanning the past seven years. We ended 2023 with \$243,757,646 in total assets. In 2023, our total assets grew by \$6,926,185 dollars. This was an increase of 2.92% in our total assets year over year. We also ended 2023 with \$2,354,602 in income. This was an increase of \$540,450 or 29.79% over our net income from 2022. Our members equity, the equity that you are members have in our credit union, grew from \$24,232,498 to \$27,012,637. This was an increase in the credit union's equity and \$780,139 or 11.47% year over year.

Our strong financial position allowed us to invest in technology and security. It allowed us to offer special rates on some of our certificates of deposits and to provide an 80th Anniversary Thank You Reward for members of approximately \$150,000 that was paid out in March of this year. We are also presenting our historical growth in the number of members. The total amount of savings that members have on deposit with us, our total assets and the amount and number of consumer loans advanced and granted each year. This concludes my report.

A member had a question under liabilities and equity. Connie responded that there was an increase in borrowing to fund our tremendous loan growth, and it also increased our interest expense as well. Connie pointed out that in the income statement, the interest on borrowed money increased from \$75,000 to \$610,000.

No further questions or comments.

Gayle Wahner motioned to accept the CFO's report. Cyndy Carlson seconded the motion. Motion carried.

### **Old and New Business**

A member of the credit union commented that they were not happy with the time of day that the meeting was taking place and felt that many working people were not able to join because of the time. The member asked if there was a reason that the meeting was being held during the day while people were working and not able to attend?

Doug Ralston addressed the member stating that there was no specific reason for the time of the day for the meeting. This was the first time we had an in-person meeting since COVID. It was pointed out that we had a total of 41 attendees with 27 of those being online/virtual.

Margaret Taylor stated that the comment would be taken under advisement for the future. Margaret Taylor asked for any new business three times. Hearing none.

### **Nominating Committee**

Doug Ralston introduced the nominating committee for this year: Steve Morgan, Pat Hendrickson, and Margaret Taylor. In January of 2024, the Board of Directors appointed the nominating committee to fill two open board positions consisting of three-year terms. No members had stepped forward at that time to express interest in joining the Board. At the January board meeting, the nominating committee nominated Mark Thorsten and Scott Christensen, both incumbents, to serve on the Board of Directors. Since there were no other nominations or no other members stepping forward at that time, in accordance with our bylaws, the election process was completed by notification of mail and in the newsletter, therefore, no nominations would be accepted from the floor. Notice went out to the members in January. That there would be an would be accepted by petition and must be signed by at least 5% of the membership and filed with the board chair 45 days prior to annual meeting. No petitions were received. The Board of Directors accepted the nominations and the recommendations of Mark Thorsten and Scott Christensen to serve and fill the three-year term board seats.

Andy Hjelle made a motion to adjourn at 1:53pm and Pat Hendrickson seconded the motion to adjourn. Motion carried.

**Centricity Credit Union**  
**Board Chair Report to Membership**  
**Margaret Taylor, Chairperson**

Dear Members,

As Chairperson of the Board of Directors, I am pleased to share highlights from our work and accomplishments in 2024. This past year, the Board held twelve regular meetings and several special meetings, ensuring consistent oversight and strategic guidance for Centricity Credit Union. In addition, we participated in ongoing training sessions required by our regulators, covering critical topics such as the Bank Secrecy Act and Office of Foreign Asset Control (OFAC). These trainings help us stay informed and compliant with evolving regulatory standards.

Our Board also attended educational seminars and financial industry meetings, deepening our understanding of the challenges and opportunities facing credit unions today. The strength of the credit union system depends on the cooperation and involvement of volunteers at the local, state, and national levels. We are proud to contribute to this movement and advocate for a financial industry that reflects the values of our members.

Throughout the year, the Board reviewed and approved all policy changes to ensure alignment with the rules and regulations set forth by the Minnesota Department of Commerce and the National Credit Union Administration (NCUA). In collaboration with the Management Team and Supervisory Committee, we also revisited and refined our business strategies, goals, vision, and mission. We have directed management to prioritize enhancing the member experience and staff training initiatives. Our vision is to deliver modern member solutions—defined by exceeding expectations through a seamless, omni-channel environment. Our mission remains clear: to better understand our members' needs and to be “here for you as life happens.”

On behalf of the Board of Directors, I extend heartfelt thanks to the Supervisory Committee, President/CEO Doug Ralston, and the entire Centricity staff for their dedication and service. We are grateful for the opportunity to serve you, our members, and we deeply appreciate your continued support and trust.

Respectfully submitted,  
Margaret Taylor  
Chairperson  
Centricity Credit Union

Centricity's Supervisory Committee is a key component of this financial institution. We are composed of member volunteers who act independently from the Board of Directors to serve the best interest of the Credit Union and its members. The committee monitors the overall performance and the operations of the Credit Union for safety and safeguard of the assets of the members by ensuring policies and procedures are followed, along with maintaining records, reports, and internal controls.

It is the responsibility of the committee to conduct regular and comprehensive evaluations of the Credit Union. This is done through annual audits and reviews, along with policies and procedures provided by the Board Management. This ensures the organization stays true to these along with Federal and State laws and regulations that govern Centricity Credit Union. The Committee meets quarterly to review and discuss internal controls, internal/external audits, and other duties that may periodically arise in the course of business. The Supervisory Committee engages independent firms to perform the annual financial IT, 401k, and other necessary audits. CliftonLarsonAllen LLP conducted the audit of the financial statements, which comprised of the statement of financial condition for the year, related statements of income, comprehensive income, changes in members equity, cash flows, and related notes to the financial statement and member account verifications. The Minnesota Credit Union Network performed BSA audits and other audits. The Supervisory Committee reviews these audits,

works with the NCUA, State Auditors, the Centricity Credit Union Management Team, and Director of Compliance and Risk Management. Based on the results of the internal and external reviews of 2024, Centricity Credit Union remains well managed, financially sound, and is in compliance with regulations of federal, state, and local laws. As the compliance requirements change, the committee remains vigilant in protecting member's assets, safeguarding member information, and ensuring the Credit Union remains financially managed. Members may confidentially report perceived Centricity Credit Union violations of rules and policies, unethical behavior, and other complaints directly to the post office box for the Supervisory Committee.

All letters addressed to the Supervisory Committee are reviewed and action is taken immediately to address any and all concerns. If a member leaves contact information we will follow-up with our findings.

Here is the address:

Centricity Credit Union

Attn: Supervisory Committee

W. Central Entrance, Box #407, Duluth, MN 55811

The Supervisory Committee appreciates the professional cooperative relationship of the membership, Board of Directors, and the staff in our oversight role.

**Centricity Credit Union  
President & CEO Annual Report to Membership  
Doug Ralston, President & CEO**

Dear Members,

As we reflect on the past year, I am proud to share the progress and direction Centricity Credit Union has taken in 2024. Our dedicated staff engaged in a comprehensive process to update our Vision of Excellence and refine our organizational plan. This effort led to the establishment of new metric goals and strategic priorities focused on talent retention and acquisition, departmental growth, and technology-driven efficiencies. We recognize that managing strategy in a growing organization is both rewarding and challenging. Change is constant, and success requires collaboration across all levels of the credit union. Over the past five years, we have made significant investments in our people and in solutions that automate, streamline, and enhance our operations, all with the goal of better serving our membership.

Together with our Board of Directors, we have set a clear strategic direction to maintain momentum and meet the evolving needs of our members in a safe and sound manner. Our commitment to operational excellence is matched by our dedication to community reinvestment. Through partnerships in community development, support for financial education, and the provision of scholarships via the Centricity Credit Union Foundation, we continue to make a meaningful impact in the communities we serve.

Our Vision of Excellence is more than a statement, it is a guiding framework that brings clarity to our goals and reinforces our commitment to our members and communities. I would like to extend my sincere gratitude to our Board of Directors and Supervisory Committee for their steadfast leadership. I also want to thank the entire Centricity Team for their unwavering dedication to our mission. Most importantly, I thank you—our members—for your continued trust and support throughout the year.

**Together, we are building a stronger Centricity.**

Warm regards,  
Doug Ralston  
President & CEO  
Centricity Credit Union



**Centricity Credit Union  
Treasurer's Report to Membership  
Jarred Bohlin, CFO**

We are presenting our Statements of Financial Condition and Income Statements for the years ended December 31, 2024 and 2023, along with historical data spanning the past seven years. We closed 2024 with total assets of \$242,892,640, reflecting a year-over-year decrease of \$865,006, or 0.35%. Despite this modest decline in assets, our financial performance remained strong.

Our net income for 2024 was \$3,710,131, an increase of \$1,355,529, or 57.57%, compared to 2023. This growth in earnings underscores our continued operational efficiency and prudent financial management.

Members' equity—the ownership stake you, our members, hold in the credit union—grew from \$27,012,637 to \$31,006,617, an increase of \$3,993,980, or 14.79% year over year.

This strong financial position enabled us to invest in key areas such as technology, staff retention and education, and security. It also allowed us to maintain market or better-than-market rates on our lending and savings products. In appreciation of our members, we distributed a Thank You Reward totaling approximately \$221,000, paid out in December 2024.

In addition to our financial results, we are also presenting historical trends in membership growth, member savings deposits, total assets, and the volume and number of consumer loans granted each year.

Thank you for your continued trust and support.

This concludes my report.

Respectfully,  
Jarred Bohlin  
Chief Financial Officer  
Centricity Credit Union



CENTRICITY CREDIT UNION  
STATEMENTS OF FINANCIAL CONDITION - UNAUDITED  
FOR THE YEARS ENDED DECEMBER 31, 2024 and 2023



	2024	2023
<b><u>ASSETS</u></b>		
Cash & cash equivalents	\$ 19,772,915	\$ 6,604,632
Investments	28,450,858	36,498,793
Loans net of allowance		
for loan losses	181,452,312	187,646,995
Property & equipment, net of allowance		
for accumulated depreciation	3,719,324	3,838,071
Other assests		
Accrued interest receivable	1,055,566	1,046,102
Deposit NCUA Share Insurance	1,837,518	1,871,704
Other assests	6,604,147	6,251,349
Total Assets	<u>\$ 242,892,640</u>	<u>\$ 243,757,646</u>
<b><u>LIABILITIES AND MEMBERS' EQUITY</u></b>		
Members and nonmembers' deposits	\$ 192,039,052	\$ 194,170,027
Accrued expenses and other liabilities	1,955,252	1,935,143
Notes payable	17,891,719	20,639,839
Total Liabilities	<u>211,886,023</u>	<u>216,745,009</u>
Members' Equity	31,006,617	27,012,637
Total Liabilities and Members' Equity	<u>\$ 242,892,640</u>	<u>\$ 243,757,646</u>

CENTRICITY CREDIT UNION  
STATEMENTS OF INCOME - UNAUDITED  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
<b>Interest income</b>		
Interest on		
Loans	\$ 12,116,751	\$ 10,571,267
Investments	1,680,329	1,144,208
Total Interest Income	<u>13,797,080</u>	<u>11,715,475</u>
<b>Interest Expense</b>		
Dividends on members' shares and savings accounts	1,121,565	721,389
Dividends on nonmembers shares	123,730	79,476
Interest on borrowed money	896,464	610,854
Net Interest Income	<u>11,655,321</u>	<u>10,303,756</u>
<b>Provision for loan losses</b>	<u>1,254,578</u>	<u>1,748,461</u>
Net interest income after provision		
for loan losses	10,400,743	8,555,295
<b>Non-interest Income (expense)</b>		
Other income	3,284,265	3,118,141
General and administrative expenses	(9,970,252)	(9,298,490)
Non operating income and expenses	(59,990)	10,248
Gain/(loss) on sale of assets	55,365	(30,592)
Net Income	<u>\$ 3,710,131</u>	<u>\$ 2,354,602</u>

FINANCIAL HISTORY REPORT - UNAUDITED

	2024	2023	2022	2021	2020	2019	2018
MEMBERSHIP	17,086	18,282	18,645	17,648	16,828	16,579	16,491
SHARES	192,039,052	194,170,027	204,352,754	200,271,963	171,939,324	140,840,860	130,735,563
ASSESTS	242,892,640	243,757,646	236,831,461	227,565,518	196,597,218	161,006,858	149,402,069
NUMBER OF CONSUMER LOANS DISBURSED	21,448	22,991	22,827	20,839	18,514	22,819	22,017
AMOUNT OF CONSUMER LOANS DISBURSED	48,189,032	76,967,378	59,496,739	58,100,721	46,849,264	45,556,907	41,208,754



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## **BOARD OF DIRECTORS**

**Margaret Taylor** - Chairperson  
**Mark Thorsten** - Vice Chairperson  
**Steve Morgan** - Secretary  
**Pat Hendriskson** - Security Officer  
**Gayle Wahner** - Director  
**Scott Christensen** - Director  
**Andrew Hjelle** - Director  
**Ted Peterson** - Director  
**Joe Ward** - Director  
**Jeff Anderson** - Associate Director

## **ADMINISTRATORS**

**Doug Ralston** - President/CEO  
**Jarred Bohlin** - Chief Financial Officer  
**Jim Swanson** - VP of Facilities Management  
**Tory Lukovsky** - VP of Finance and Risk Management  
**Nate TePoel** - Senior VP of Lending  
**Cyndy Carlson** - Chief Human Resources & Business Strategy Officer

## **SUPERVISORY COMMITTEE**

**Wade Petrich** - Chairperson  
**Tamilee Taylor-Depre**  
**Bernie Reger**  
**Ryan Hirsch**

