



CONTINUING A

88-Year Tradition of Above & Beyond

SERVICE, SAVINGS AND COMMUNITY SUPPORT.

The Annual meeting is being held electronically this year. The Annual Meeting will be held at 5:00 pm. Members are welcome to call into the meeting using the following instructions.

You can join our [Zoom Meeting](#)
Meeting ID: 836 5434 9448
Passcode: 038288



Our Member Promise!

WE PROMISE TO PROVIDE LOCAL
FINANCIAL PRODUCTS, SERVICE AND ADVICE.

IN DOING SO WE WILL

- Work in your best interests
- Help you achieve financial success
- Make it easy to do business with us

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ANNUAL MEETING

88TH ANNUAL MEETING AGENDA

- CALL TO ORDER
- APPROVAL OF MINUTES
- NOMINATIONS COMMITTEE REPORT
- DIRECTOR'S REPORT & PRESIDENT/CEO'S REPORT
- SUPERVISORY COMMITTEE REPORT
- UNFINISHED BUSINESS
- NEW BUSINESS
- SCHOLARSHIPS
- BOARD OF DIRECTORS ELECTIONS
- ADJOURNMENT

FINANCIAL SUMMARY

Balance Sheet		2023		2022	
Assets					
Loans to Members	\$	115,188,494	\$	106,447,805	
Loans Held for Sale (Secondary Market)	\$	-	\$	-	
Cash and Investments	\$	70,094,874	\$	73,166,572	
Less Allowance for Loan Loss	\$	(1,371,676)	\$	(1,250,501)	
All Other Assets	\$	11,711,003	\$	10,768,063	
Total Assets	\$	195,622,696	\$	189,131,939	
Liabilities & Capital					
Shares	\$	167,583,086	\$	171,392,281	
Other Liabilities	\$	13,711,583	\$	3,963,335	
Capital	\$	14,328,017	\$	13,776,322	
Total Liabilities & Capital	\$	195,622,686	\$	189,131,939	
Income Statement		2022		2022	
Income					
Interest from Loans	\$	6,676,123	\$	5,319,701	
Interest from Investments	\$	975,999	\$	662,797	
Other Income	\$	2,938,526	\$	3,014,587	
Total Income	\$	10,590,647	\$	8,997,085	
Expense					
Operating Expense	\$	8,149,453	\$	7,794,977	
Non-Operating Expense	\$	36,665	\$	5,035	
Provision for Loan Loss	\$	195,491	\$	187,616	
Dividends	\$	1,585,494	\$	298,272	
Total Expense	\$	195	\$	8,285,899	
Net Income	\$	10,590,452	\$	711,186	

AMESSAGE FROM OUR PRESIDENT/CEO & BOARD CHAIRMAN

Welcome to our 88th Annual meeting of members. Unfortunately, we have been unable to schedule an in-person Annual meeting again this year again due to continued COVID-19 Variant Virus that continues to spread. 2023 was again an unprecedented year! We are hopeful that the variants get milder into 2024! So, for the safety of our staff and members, we are holding our fifth virtual Annual Meeting of Members.

Our Credit Union was chartered in December of 1935 and this past December 2023, we celebrated 88 years of service; savings; providing loans; and community support as a credit union! In December of 1935, when a handful of railroad employees pooled their money together in the Back Shops of the Northern Pacific Railroad in Livingston, Montana, who would have guessed then that we would grow over a span of 88+ years to over \$195.623 million dollars in assets while serving more than 12,325 members!! We were one of the first Credit Unions chartered in Montana!!

The Board of Directors has the responsibility for directing and controlling the affairs of the credit union and providing effective and efficient management of the credit union's operations through your President/CEO and the Executive Management Team and staff. We meet annually in conjunction with executive management and develop a strategic plan with both short term and long-range goals. In addition, the Board of Directors and management meet at least monthly to monitor your Credit Union's direction, our strategic goals and the attainment of those goals. Board members volunteer many hours and are not reimbursed in any way for their service to the Credit Union. Once again, it was a very active and busy year at your credit union.

Sky Federal Credit Union now serves 28 Counties in Montana, Southern Idaho and Northern Wyoming. As of December 31, 2023 we have 12,325 members located all around the world. This was an increase of 208 net new members in one year during 2023, a 1.72% growth rate!

We are not owned by an out of State Corporation or wealthy family. We are owned by our members – which is anyone who opens an account and does business with us. Sky FCU is a Montana Financial Cooperative, where consumers become our members that save together and pool their resources to provide loans that have built homes, financed cars – trucks – campers, or purchased equipment for businesses, farmers and ranchers. The members of Sky FCU have helped one another while helping themselves. And even if our member moves out of the area – they can keep their accounts open because “Once a Member, Always a Member”.

Sky FCU ended December 2023 with assets of \$195,622,696 compared to year-end December 2022 and assets of \$189,131,939, which is an increase in assets of +\$6,490,757, or a 3.43+% growth rate in one year! Member deposits ended 2023 at \$167,583,086 compared to year-end 2022 at \$171,392,281, a decrease of -\$3,809,195. Members were spending the government money they received during the prior two years of COVID.

Our net loan portfolio balance as of December 31, 2023 was \$115,188,494 compared to \$106,447,805 for year-end December 2022, or an increase in net loans of +\$8,740,689, an 8.21% growth rate!

Even in this economy, loan growth continues throughout the country. Sky FCU maintains a healthy loan-to-share ratio of 68.74% as of 12/31/2023 as compared to year-end 2022 at 62.11%. You can see that the end of 2023 our Loan-to-Share ratio increased again year-over-year. The national average of our peer group in the country was at 74% as of 12/31/23 compared to year-end 2022 at 66%. And the average among Montana Credit Unions was at 78% as of 12/31/23 compared to year-end 2022 at 71%. These ratios can change quite a bit based on the increase in total deposits or total loans – or decrease as the case may be.

We continue to offer our membership the best mortgage rates for purchases of new homes, in addition to those doing refinances of their existing mortgages. We work through a Credit Union Service Organization (CUSO) to finance through the secondary market. As the Fed raised rates throughout 2023, mortgage rates increased as well. Home purchases and refinances pretty much came to a standstill in 2023 because of the increase in mortgage rates.

Our first rate increase of 2022 was .25% which happened on March 16, 2022; the second rate increase was .50% on May 4, 2022; the third rate increase was .75% on June 15, 2022; the fourth rate increase was 0.75% on July 27, 2022; the fifth rate increase was .75% on September 21, 2022; .75% on November 2, 2022; .50% on December 14, 2022; .25% on January 25, 2023; .25% on March 22, 2023. The FED did not increase or decrease rates at their meeting on June 14, 2023. We did have another +.25% rate increase on July 26, 2023. At the recent FED meeting on September 20, 2023, they opted to hold rates steady and did not increase or decrease the Prime Rate. The FED also did not raise or lower rates at their rate setting meetings on November 1, 2023, December 13, 2023, January 31, 2024, March 20, 2024, May 1, 2024 or June 12, 2024. The next FED meeting is on July 31, 2024.

All of these increases are intended to hopefully slow down inflation! But, of course, mortgage rates have risen as well. Mortgage rates continue to be up and down but in the 6.875% - 7.00% range.

Currently the indicators predict that the FED rate will possibly decrease by .25% at their September 18, 2024 meeting. However, there are several factors that can change that in a minute i.e. employment reports, the Presidential 2024 race et cetera.

We ended 2023 with delinquency at .82% compared to year-end 2022 at .17%. With the increase in rates and substantial increase in inflation consumers are struggling to make ends meet during 2023 and into 2024. The economists all predicted an increase in delinquency in 2023 and 2024. However, even with the increase, these are still both good ratios! We also increased our Allowance for Loan Loss Account again during 2023 as our loan portfolios continue to grow.

We ended 2023 with a net worth Ratio (capital/asset ratio) of 7.30% compared to 7.28% at year-end 12/31/2022. This is an increase, which is good, as we did continue to have an increase in assets at year-end 2023. This was great growth and a very positive ratio according to our Federal Regulators, the NCUA.

During 2023 we continued to focus on the work with our members to help with the struggles of increased rates and inflation. We continued working with our members on their loan payments, mortgage payments, and business loans. Everyone continued to struggle. We still had COVID cases through 2023 and into 2024! It was another challenging year!

Sky Federal Credit Union continues to grow and offer new services and technology as we have to continue to change and grow with the times. We are constantly looking at new technology and processes to build better efficiencies so that we can offer our membership the services they need, to grow and prosper in their daily lives, and to allow more time and less stress in order to improve their financial future.

Sky Federal Credit Union is a full-service financial institution. We serve residents throughout twenty-three (23) Counties in Montana; four (4) Counties in Southern Idaho; and one (1) County in Northern Wyoming.

We now serve anyone who lives, works or worships in the rural district of Beaverhead, Broadwater, Carbon, Cascade, Deer Lodge, Gallatin, Golden Valley, Granite, Jefferson, Lake, Lewis and Clark, Madison, Meagher, Mineral, Missoula, Park, Powell, Ravalli, Silver Bow, Stillwater, Sweet Grass, Wheatland or Yellowstone Counties, Montana, and Bonneville, Fremont, Jefferson, or Madison Counties, Idaho, and Park County, Wyoming.

Anyone who lives, works or worships in any one of these counties is eligible to become a member as are the immediate families of anyone eligible to become a member even if they are not in these areas. We promote the philosophy of “once a member, always a member”.

So once your membership is activated, you may remain a member for life. We now serve many members that live all over the world. With our technology, we can take care of your finances wherever you go.

Our members continue to comment that they are very happy with our latest new Branch in a retail shopping space in the Bozeman Walmart where we are open 6 days a week presently. It has been very successful and our members continue to be very thankful for later hours during the week and being open on Saturday as well!

During 2023, we worked on another new Branch location to serve our members in Madison County and the surrounding areas. We successfully opened our Ennis Branch on June 27, 2024 in the NEW Madison Foods Grocery Store in Ennis Montana.

We continue a social media presence to connect with our members. In addition, we offer a monthly eNewsletter to our members to keep them informed. We continue to update our mobile app so you are never without your information.

At Sky FCU we want to partner with our members and work in their best interest. We need members who use our products and services. We need members that believe in the cooperative spirit. The more business you do with us, the more new products, services and technology we can give back to you. We encourage our members to focus on what's important to them. It is a win – win situation as we strengthen one another. And we have only gotten stronger over the past 88+ years!

We are pleased to have played an important role in managing our members' finances and want to remind you that we are here for you and your family.

We are grateful for the dedication, support, and guidance of our volunteer Board of Directors and Supervisory Committee and for all of the hard work and efforts of our staff. Staff continues to work towards providing the service that you deserve and expect as a member.

As the President/CEO and the Board Chairman of Sky Federal Credit Union AND on behalf of the Sky Federal Credit Union Board of Directors, we want to “thank you” for your membership and continued support. We congratulate you for 88+ years as a credit union. By partnering together, we are a stronger and better credit union for you!

As we move forward through the next 88 years, we promise to work even harder to take our service “Above and Beyond” for you!

Please stay safe and healthy and enjoy your summer.

Our best to you always.

Please join us for our 88th Annual Meeting of Members, Wednesday, July 24, 2024 at 5 pm via the following ZOOM Link:

Topic: 88th Annual Meeting of Members 7/24/2024

Time: July 24, 2024 at 5:00 PM Mountain Time (US and Canada)

Join Zoom Meeting

<https://us06web.zoom.us/j/83654349448?pwd=OpeSciVQKdcAbPDpafbLLGQ5yecDC.1>

Meeting ID: 836 5434 9448

Passcode: 038288

Sincerely,

Annamarie DeYoung
President/CEO

Mary Ann Duffey
Board Chairman

The annual meeting was called to order by Chair Mary Ann Duffey at 5:00 pm. The following directors were present in person: Pam Schoenen, Catherine Lane and Associate Director Dan Durgan. The following Directors were present via Zoom Meeting: Gary Tague and Larry Jones. The following Directors were absent: Dale Siegle and Jewel Redmon.

Thirty-seven members were present, enough to constitute a quorum.

Chair Duffey explained this is the 4th virtual Annual Meeting in the history of Sky Federal Credit Union.

Member Larry Jones made a motion to dispense with the reading of the minutes of the previous annual meeting held July 20, 2022 and to approve them as printed. Motion seconded and motion carried.

Chair Duffey referred members to the printed CEO/Board of Directors Report and Nominating Committee Report.

Member Larry Jones made a motion to accept the CEO/Board of Directors Report as presented. Motion seconded and motion carried.

Member Larry Jones made a motion to accept the Nominating Committee Report as presented. Motion seconded and motion carried.

Chair Mary Ann Duffey then gave the Nominating Committee Report, stating that Gary Tague and Pam Schoenen were nominated for election to three-year terms on the Board of Directors. Biographical information on Gary and Pam was previously posted in the lobby, along with nominating procedures. The Secretary received no nominating petitions. Election conducted by ballot was not necessary, and there were no nominations from the floor. Chair Duffey called for a motion from the floor to elect these two candidates by acclamation. Member Catherine Lane made a motion to elect these two candidates by acclamation. The motion was seconded, and the motion carried.

Chair Duffey congratulated the newly elected Directors.

Chair Duffey introduced Audrey Dodge, the Chair of the Supervisory Committee, and asked members to refer to the Supervisory Committee report. Member Gary Tague made a motion to accept the Supervisory Committee Report as presented. Motion seconded and motion carried.

CEO DeYoung welcomed and introduced the Board of Directors and briefly explained the responsibilities of this body.

Next, CEO DeYoung highlighted accomplishments achieved in the Year 2022. Sky FCU ended December 2022 with assets totaling \$189,131,939 compared to \$181,543,030 for year-end 2021, for an increase in total assets of \$7,588,909. Sky FCU also ended 2022 with \$171,392,281 in member deposits compared to year-end 2021 of \$166,383,580 which is an increase of \$5,008,701 in member deposits.

Our net loan portfolio balance as of December 31, 2022, was \$106,447,805 compared to \$94,117,938 for year-end December, 2021, for an increase in net loans of +\$12,329,867. This is a 13.10% growth rate!

Loan growth has started to increase throughout the country, we still maintain a very healthy loan-to-share ratio of 62% as of year-end December 2022, as compared to year end 2021 at 57%. You can see that in 2022, our Loan-to-Share Ratio increased substantially year-over-year – even with the large increase in deposits. The national average of our peer group in the country for year-end 2022 was at 66% compared to year-end 2021 at 60% and the average among Montana Credit Unions which was at 71% as of the end of 2022 compared to year-end 2021 at 61%.

Sky FCU ended 2022 with a net worth or capital/asset ratio of 7.28 % compared to 7.20% at year-end 2021. This is an increase, which is great, as we did continue to have an increase in assets at year-end 2022. This was great growth and a very positive ratio according to our Federal Regulators, the NCUA.

Our delinquency at year-end 2022 was .17% compared to a year-end 2021 at 0.27%, these are both very excellent ratios. We also increased our Allowance for Loan Loss Account again in 2022 as our loan portfolios continue to grow.

CEO DeYoung thanked the Board of Directors for all of their work and support. CEO DeYoung went on to say that “The Board of Directors has the responsibility for directing and controlling the affairs of the credit union and providing effective and efficient management of the credit union’s operations through your President/CEO and the executive management team and staff. We meet annually in conjunction with executive management and develop a strategic plan with both short term and long-range goals. In addition, the Board of Directors and management meet at least monthly to monitor your Credit Union’s direction, our strategic goals and the attainment of those goals. Board members volunteer many hours and are not reimbursed in any way for their service to the Credit Union. Once again, even with the COVID Pandemic, AND the Flood of June 2022, it was a very active and busy year at your credit union.”

She went on to thank the staff for all their hard work and accomplishments.

CEO DeYoung reviewed 2022 with all its COVID-19 difficulties. We continued to focus on the work with our members to help with the struggles through the COVID PANDEMIC. We helped our members as they suffered through losing jobs as

businesses had to close. Many had to stay home to take care of their children as the schools opened later for in-person students, however, there was an option for students to continue doing classes through virtual means. Everyone continued to struggle!

In addition, the Flood of 2022 affected many of our members. We developed a “Flood Loan” to help our members get their property and homes cleaned up and repaired from the flood damage. We also helped our members with their loan payments when they were not able to work during this time.

We continued working with our members on their loan payments, mortgage payments, and business loans. We helped our Business Members with the second round of the Paycheck Protection Program (PPP loans) through the SBA – so they could continue to stay alive and viable. These loans went directly to our small businesses, to help save jobs and help our local Communities. It was another challenging year!

Sky Federal Credit Union continues to grow and offer new products and services as we continue to meet our members’ ever-changing needs. We are constantly looking at new technology and processes to build better efficiencies so that we can offer our membership the services you need to grow and prosper in your daily lives, and to allow you more time and less stress to improve your financial future. We want to make things easier and more convenient for you, our members.

Chair Duffey asked for any unfinished business to come before the membership. There was no unfinished business to discuss, and the meeting turned to new business.

CEO DeYoung announced the recipients of the 2023 Achievement Awards. The program included Park, Gallatin and Sweet Grass counties.

- **MARTHA V HAMPSON ACHIEVEMENT AWARD** – Mariah Creason
- **WALTER H MARTIN ACHIEVEMENT AWARD** - Danyk Jacobsen
- **GALLATIN COUNTY SCHOLARSHIPS**
 - **Gallatin High School**
 - Indigo Andresen
 - Ethan Monforton
 - **Belgrade High School**
 - Cindy Oostema
- **SWEETGRASS COUNTY SCHOLARSHIPS**
 - Guildy Browning
 - Ty Cowell

CEO DeYoung and Chair Duffey asked the membership if there were any questions. There were no questions from the membership.

Chair Duffey stated an organizational meeting of the Directors would be held immediately following this meeting, in keeping with the bylaws.

There being no further business to come before this meeting, Member Larry Jones moved to adjourn the meeting, motion seconded, and motion carried. The meeting adjourned at 5:40 p.m.

Annamarie DeYoung, Recording Secretary

Dale Siegle, Secretary

NOMINATIONS COMMITTEE REPORT

The Nominating Committee has nominated Mary Ann Duffey and Catherine to three-year terms on Sky Federal Credit Union’s Board of Directors. In addition, Daniel Durgan was appointed to fill the unexpired term of Larry Jones in December 2023 upon Larry’s death. Daniel Durgan is included for a one-year term.

Biographical data on these individuals was prominently displayed in the Credit Union lobby locations.

The Secretary received no nominating petitions. Since there was only one nominee per opening, the election will not be conducted by ballot and there will be no nominations from the floor at the Annual Meeting, as prescribed by Credit Union bylaws.

NOMINATING COMMITTEE:

Gary Tague, Chairman

Jewel Redmon

Pam Schoenen

Dale Siegle

Daniel Durgan

SUPERVISORY COMMITTEE REPORT

The Supervisory Committee held virtual meetings during 2023. We reviewed the fiscal year-end 2022 audit completed by Anderson Zurmuehlen (AZ) now Pinion Global. The contract is now with Pinion Global and was renewed through the year-end audit for December 31, 2023. There were no issues with reports reviewed and these reports were presented to the Board of Directors.

We are also in the process of reviewing the 2023 year-end audit completed by Pinion Global. These reports will be presented to the Board of Directors as well.

The Supervisory Committee engaged Bases Covered Auditing to complete the 2023 Automated Clearing House (ACH) Audit; the 2023 Bank Secrecy Act (BSA) Audit; the Safe Act Audit; and all four quarters of Agreed Upon Procedures Audits for 2023.

The Quarterly Agreed-Upon-Procedures Audits consists of loan reviews, verifying Corporate VISA Credit Card transactions, reviewing investments, General Ledger balancing, dormant accounts, conducting surprise teller cash counts, and more. We also review new accounts and closed accounts by sending out verifications to those members. After getting the audit findings back, we go over them with the auditor and then report the results to the Board of Directors.

We conducted a member account verification of all members as of March 31, 2023.

We are once again pleased to report the Credit Union is in sound financial condition with adequate internal controls.

We look forward to serving the membership and for continued financial growth during 2024 and beyond.

SUPERVISORY COMMITTEE:

Audrey Dodge, Chairperson
Kirk Keysor
Jacki McGuire

BOARD MEMBERS:

Mary Ann Duffey, Chairperson
Gary Tague, Vice Chairman
Dale Siegle, Secretary
Jewel Redmon, Director
Catherine Lane, Director
Pam Schoenen, Director
Daniel Durgan, Director



Celebrating THE LIFE OF LARRY W. JONES

November 17, 1939 – December 14, 2023

Thank you for many years of service on our Board of Directors



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