



2024 Business Plan

SETTING A BASE CAMP
FOR OUR FUTURE

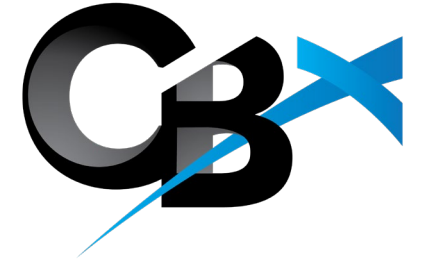
Setting a Base Camp

The 2024 Business Plan gives you a picture of 85% of what's in store for our network

85% of what we'll do is already committed to – a fair amount of which was booked far in advance



Our Top Strategies for 2024 CBX



⇒ This multi-year project will affect

- ✓ Release schedules
- ✓ Education and doc
- ✓ Day-to-day experience for all CUs
- ✓ How we approach the marketplace

⇒ Will require an ongoing investment

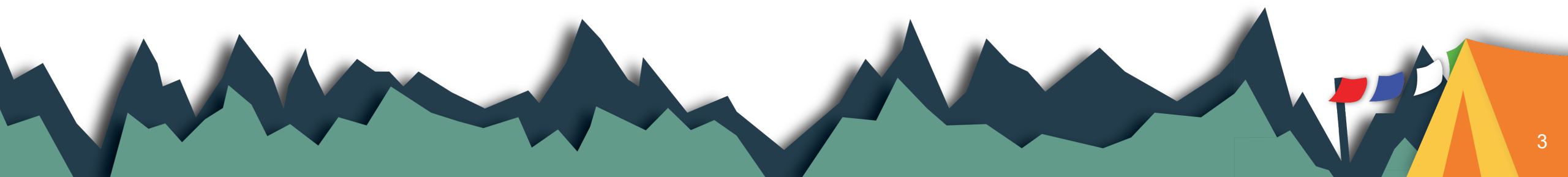
- ✓ \$\$
- ✓ People
- ✓ Delivery instruments

On Day 1, it won't be perfect.

On Day 1, screen workflows won't have changed.

On Day 1, not all help/educational material will have been updated to match the new look and feel.

...and on Day 1, CUs will not pay one penny more for their core system than they do now.



Our Top Strategies for 2024

Focusing on Our Client Connections

- ⇒ Conversations on...
- ⇒ Regional Collaboration Communities
- ⇒ Travel!
- ⇒ In-person contacts



Our Top Strategies for 2024

Defining Pipeline Expectations

⇒ Continued from last year's Business Plan, in 2024 we will stay focused on being more transparent about projects, resources, and how we manage it all

GOALS

- ✓ Communicate when we're hung up on legal
- ✓ Define project requirements in laymen's terms, getting stakeholder sign-off
- ✓ Communicate timing and status
- ✓ Raise general visibility of DHD projects across the network
- ✓ Engage more with clients during development – are we hitting the target or getting off track?

Our Top Strategies for 2024

Inventorying What the Network Owns

Data
Exchanges

SSO
Interfaces

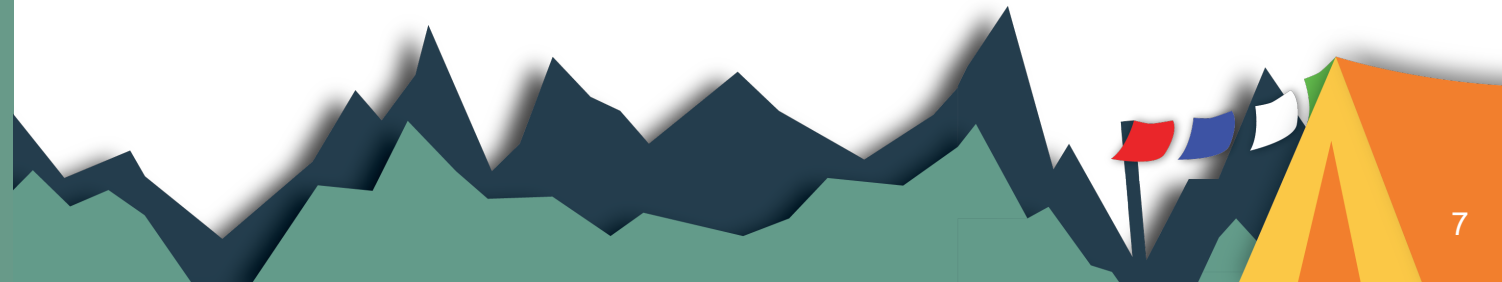
Native
Integrations



Future Spotlight Projects

IMPROVING HOW WE
COMMUNICATE ABOUT OUR
INTENTIONS

- ⇒ Sometimes we need to get further down the road before we can make sweeping statements to the market about our plans and intentions
- ⇒ My goal is to change the way we communicate with the market before committing to something on which we'll hang our hat.
 - ✓ "Studying..."
 - ✓ "Learning about..."
 - ✓ "Preparing for..."



Since We Last Met

15

- Core conversions completed

6

- Merger projects completed

156

- EFT projects completed

262

- DHD projects completed

852

- Projects implemented in CU*BASE releases

157,860

- Programming/QC development hours logged

55,087

- Programming support hours logged

Conclusion

We are focused on setting a solid base camp that will allow us to grow and evolve over the next 3-5 years

- ⇒ Investing in teams/environments for growth in 2024 and beyond
- ⇒ Training EFT & core conversion resources with CU*NW & CUaxis
- ⇒ Long-term commitments to invest in HR, facilities & hardware
- ⇒ Facilities commitments in GR & LV

The next sale is no more important than any one of our existing CUs

2024 Strategic Technology Plan

Dave Wordhouse

EVP of Technology

Brian Maurer

EVP of Software Development



Message from the EVPs

⇒ 80% built on last year
20% new or changed

⇒ First-ever projects:

- ✓ CBX
- ✓ Multi-box production strategy
- ✓ Cloud-based CU*Talk

⇒ Reinvestments

- ✓ Core CISCO Nexus Switch upgrades
- ✓ New CISCO UCS blades
- ✓ Anti-Bot technology for **It's Me 247**



⇒ Building foundations for future development



⇒ Connecting to 3rd parties

- ✓ CU*BASE
- ✓ Online/mobile banking
- ✓ Mobile app
- ✓ Data transfers



Contributors

- ▷ **Bob Anderson** *AVP Web Technologies*
- ▷ **John Beauchamp** *VP Professional Services*
- ▷ **Bob Colburn** *AVP Core Technologies*
- ▷ **Scott Collins** *EVP National Sales & Marketplace Relationships*
- ▷ **Juan Concepcion** *Programmer/Analyst*
- ▷ **Keegan Daniel** *VP Professional Services*
- ▷ **Deb DeMann** *Manager Database Engineering Team*
- ▷ **Annalyn Hawkes** *Business Intelligence Analyst Account Executive*
- ▷ **Kyle Karnes** *Imaging Solutions Manager*
- ▷ **Jim Lawrence** *VP Business Continuity & Operations*
- ▷ **Seth Longcore** *Manager Online Banking Programming Team*
- ▷ **Jeff Miller** *AVP Operations*
- ▷ **Lorie Morse** *AVP Integrated Technologies*
- ▷ **Josh Peacock** *Manager Analytics Programming Team*
- ▷ **Sari Rahal** *Manager Imaging Solutions Programming Team*
- ▷ **Sam Seume** *Manager EFT Programming Team*
- ▷ **Chris Shelton** *VP Network Infrastructure*
- ▷ **Ken Vaughn** *VP MTG Product Design and Business Development*
- ▷ **Mike Warren** *Manager GOLD Programming Team*

Spotlight Initiatives

⇒ IBM Multiple Computer Strategy

- ✓ Addressing operational and maintenance constraints, system performance, proximity challenges, and tapeless backups

⇒ Phone Changes: New Vendors and Solutions

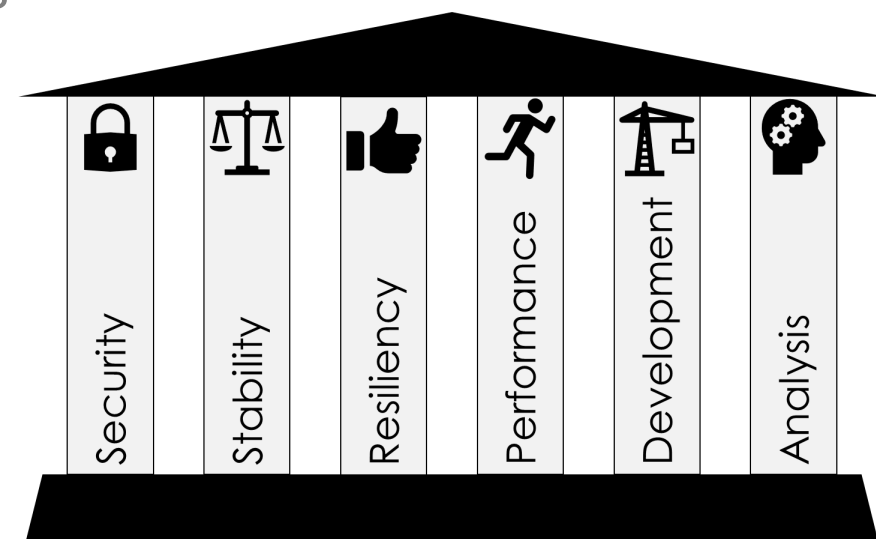
- ✓ Our phone system
- ✓ CU*Talk

⇒ CU*BASE GOLD to CBX

- ✓ Our biggest foundational change in 23 years

⇒ Real Time Payment Processing

- ✓ RTP[©]
- ✓ FedNowSM



2024 Client Experience Initiatives

Dawn Moore

EVP of Client Experience



2024 Client Experience Initiatives

⇒ Focusing on Awareness

✓ Your Awareness about Us...Ours about You...Ours about Ourselves

⇒ Focusing on Project Management

✓ Keeping the factory humming...and keeping you in on the progress

⇒ Continuing Our Conversations with Credit Unions

⇒ Relaunching Idea Forms



2024 CU*Answers Management Services Initiatives



- ✓ Data Warehouse/AI*Engaged marketing and awareness campaigns
- ✓ Wrap up Optics, start next phase research
- ✓ Rebranding scorecards as Asterisk Insights
- ✓ Multiple AI university weeks
- ✓ Reboot the Data Tune-Up

⇒ **AuditLink**

- ✓ AAM service expansion, new cross-channel patterns, inject into transaction authorizations
- ✓ Taking vendor management national
- ✓ Leadership transition continues



- ✓ **BizLink 247** marketing & awareness campaigns
- ✓ Renegotiations with Intuit
- ✓ Waiting for the Conv. on Serving Business Members group to set the next big priority!

⇒ **CU*ANSWERS** **Client Services & Education**

- ✓ New/expanded cross training/mentorship programs
- ✓ Ramping up conversion training, statement cross training, call monitoring
- ✓ Breaking out the Education team

2024 CU*Answers Management Services Initiatives

⇒ CU*ANSWERS Management Services

- ✓ “Meet CU*Answers” web conference series
- ✓ Regional Collaboration Communities
- ✓ Client Reach education
- ✓ Help Hub onboarding for new CU staff
- ✓ Corporate Toastmasters program

⇒ DEVELOPER'S HELP DESK

- ✓ DHD handoff to CMS: getting CMS teams in on custom projects at the ground level
- ✓ Ensure project scope is clearly understood
- ✓ Increase visibility of the team’s work in progress as well as completed vendor integrations/relationships

⇒ EarningsEdge

- ✓ Implement Ascensus integration
- ✓ New services for manual merger assistance
- ✓ EEAS core and EFT conversion support
- ✓ Tune-up for CFOs and accounting leaders
- ✓ EEAS Boot Camps
- ✓ Financial statement packet for boards

⇒ CU*ANSWERS Imaging Solutions

- ✓ CU*Forms
- ✓ NCR ITMs
- ✓ Native receipts for all other channels
- ✓ Expand request-a-document access points

2024 CU*Answers Management Services Initiatives



- ✓ Launch new quarterly train schedule
- ✓ Awareness campaigns for other mobile app options
- ✓ Market new CU Publisher products
- ✓ Moving CUs to MOP 3.0



- ✓ Cross training for the Lender*VP team, adding another new team member
- ✓ Launch new Collections business model
- ✓ Continued enhancements to Participation Loans, 1-Click Offers, CLR Path, and FUEL
- ✓ Enhancements to Online LOS



- ✓ Pressing forward on DCI and provisioning
- ✓ RTP® launch and next phase
- ✓ FedNow launch for Receive
- ✓ New Optis EFT platform with COOP
- ✓ Payrailz P2P, A2A, bill pay



- ✓ Expanding our store
- ✓ New self-managed options for websites
- ✓ “Diet staples” for marketing products
- ✓ CUSO Magazine growth
- ✓ Two for Tuesdays with special CU guests

2024 Competitive Landscape Analysis

Scott Collins

EVP of National Sales & Marketplace Relationships



Our Market Position

Growth Trends for Cores that Represent our Biggest Competition

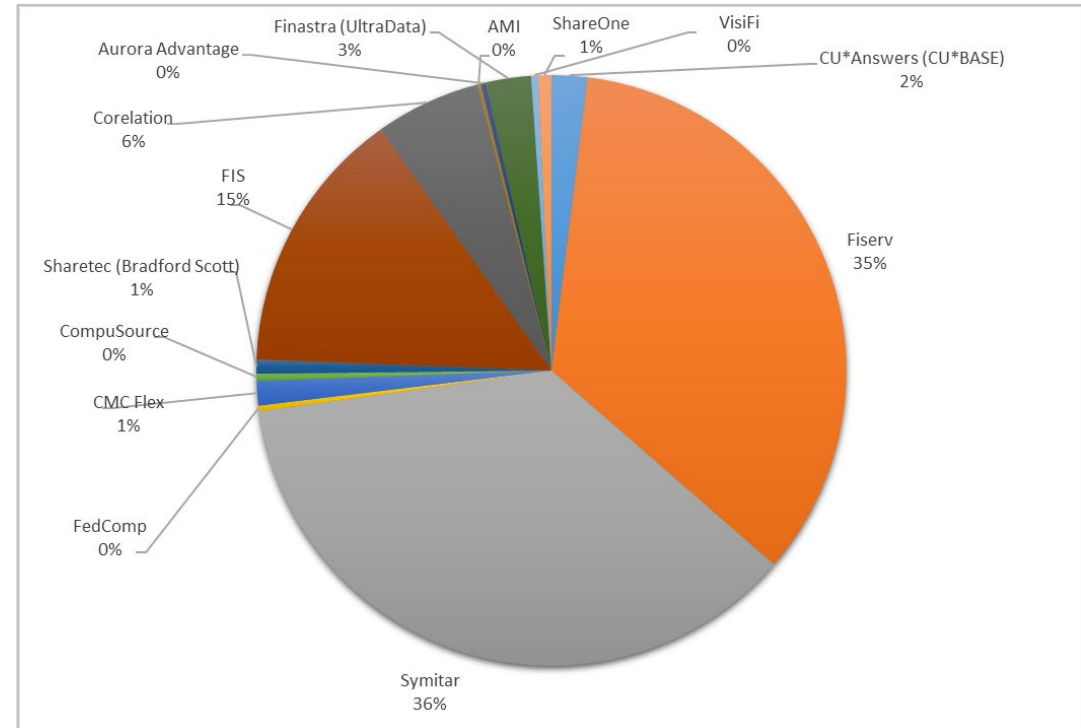
		Credit Unions Served								
		2018	2019	2020	2021	2022	1 Yr Change	% Change	5 Yr Change	% Change
1	Fiserv	1775	1709	1626	1510	1432	-78	-5.2%	-343	-19.3%
2	Symitar - Episys	655	653	672	698	690	-8	-1.1%	35	5.3%
3	FedCom	597	558	530	505	468	-37	-7.3%	-129	-21.6%
4	CU*Answers	258	267	272	298	320	22	7.4%	62	24.0%
5	CMC Flex	236	245	249	253	258	5	2.0%	22	9.3%
6	CompuSource	269	268	260	246	234	-12	-4.9%	-35	-13.0%
7	Sharetec (Bradford Scott)	246	234	241	247	231	-16	-6.5%	-15	-6.1%
8	FIS	211	191	178	165	147	-18	-10.9%	-64	-30.3%
9	Corelation - Keystone	63	80	94	122	145	23	18.9%	82	130.2%
10	AMI	160	147	143	142	142	0	0.0%	-18	-11.3%
11	Aurora Advantage/ CruiseNet	131	127	121	120	108	-12	-10.0%	-23	-17.6%
12	Finastra (UltraData)	186	154	72	106	101	-5	-4.7%	-85	-45.7%
13	VisiFi	78	74	72	106	101	-5	-4.7%	23	29.5%
14	Share One	96	87	87	84	78	-6	-7.1%	-18	-18.8%

Our Market Position

Credit Union Demographics

Credit Unions Under Contract - 2022 Callahan Report

	Total Members (Millions)	AVG Members	AVG Assets (\$1M)	% Members	Last Year	Trend
CU*Answers (CU*BASE)	2.47	7,731	\$106	1.8%	1.8%	0.0%
Fiserv	43.38	30,291	\$510.9	32.4%	33.3%	-2.7%
Symitar	45.85	66,449	\$1,119	34.2%	34.3%	-0.3%
FedComp	0.377	807	\$6.68	0.3%	0.3%	0.0%
CMC Flex	1.7	6,593	\$87.7	1.3%	1.3%	-2.3%
CompuSource	0.473	2,023	\$22.8	0.4%	0.4%	0.0%
Sharetec (Bradford Scott)	0.969	4,197	\$48.9	0.7%	0.8%	-12.5%
FIS	18.39	122,602	\$1816	13.7%	13.3%	3.0%
Corelation	7.27	50,144	\$770.9	5.4%	4.7%	14.9%
AMI	0.23	1,622	\$17	0.2%	0.2%	0.0%
Aurora Advantage	0.36	3,322	\$32.7	0.3%	0.3%	0.0%
Finastra (UltraData)	3.11	29,316	\$542.1	2.3%	2.7%	-14.8%
VisiFi	0.46	4,536	\$57.6	0.3%	0.4%	-25.0%
ShareOne	0.921	11,810	\$183.3	0.7%	0.8%	-12.5%
TOTAL (ALL CORES)	133.9					



Our Market Position




Recent Trends vs. Competitors

Source: Callahan Peer-to-Peer Database for 3/31/2023






CUaxis data represents the remaining AMIS-to-CU*BASE conversions

3/31/2022	Data Point	3/31/2023	+/-
5,007	Total US Credit Unions	4,906	-2.0%
121	Tier 1 CU*Answers Clients	131	8.3%
27	Tier 2 CU*Answers Clients	31	14.8%
15	Tier 3 CU*Answers Clients	21	40.0%
10	Tier 4 CU*Answers Clients	21	110.0%
173	TOTAL CU*ANSWERS	204	17.9%
43	TOTAL CU*NORTHWEST	43	0.0%
60	TOTAL CU*SOUTH	64	6.7%
13	TOTAL CUAXIS	34	161.5%
356	Portico	344	-3.4%
97	MDT	96	-1.0%
243	Sharetec	229	-5.8%
247	CMC Flex	258	4.5%
124	Corelation	145	16.9%
112	Ultradata	93	-17.0%

Top Competitive Challenges

1. CEO Changes @ CUs
2. Industry Consolidation
3. Competitive Consolidation
4. CEO Changes within our cuasterisk.com Network
-  5. More Credit Unions Using Consultants for Core Searches
6. Client Retention
7. Increasing API pressure to go outside the Core Suite
-  8. The Success of Corelation
9. IBM Sunsetting the iSeries Space
-  10. Exit Fees

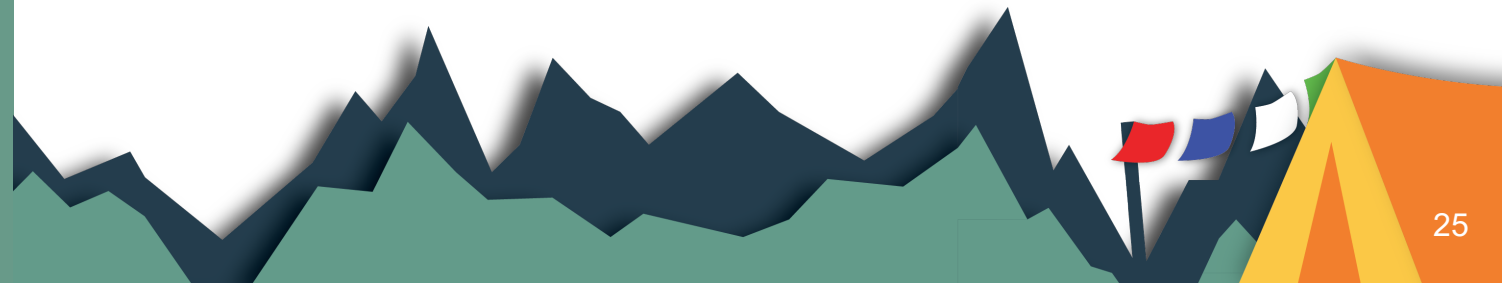
Top Tool-Related Challenges

-  1. Members want to see all accounts on one screen via mobile/desktop banking
-  2. Teller capture solution
-  3. Challenges to the lending and account opening workflow
- 4. Fraud switch kit
-  5. No joint owner login for online/mobile
- 6. Is the system browser-based?
- 7. Do you offer a real-time P2P service?
-  8. Concerns over the GL structure
- 9. Online account opening doesn't allow for sub-accounts to be opened simultaneously
- 10. Does the teller system include a denomination calculator prior to posting a transaction to assist with cash outages?



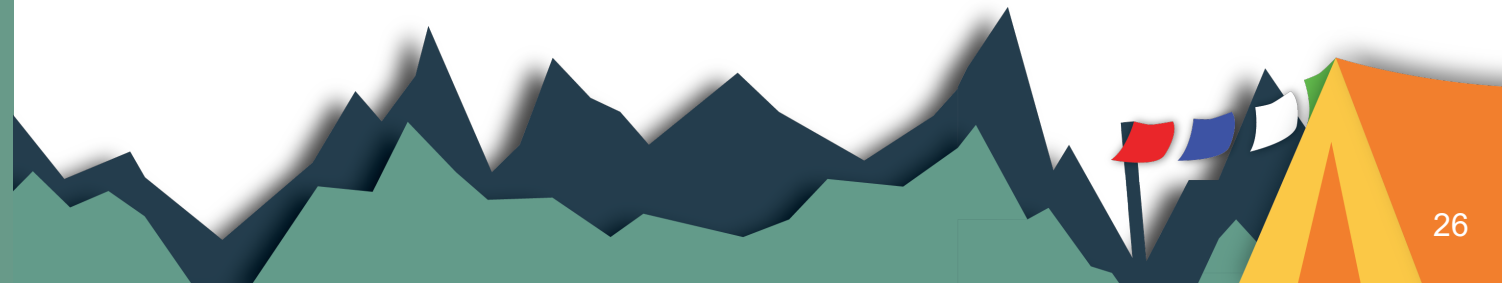
cuasterisk.com

- ⇒ We will respond to any CU that engages us across the country
- ⇒ Rifled approach in the western US
- ⇒ Budgeted canvassing efforts in primary sales Tiers 1, 2 and 4
- ⇒ HR investments being made across the network
 - ✓ Adding to the demo bench
 - ✓ More bandwidth for conversion projects
- ⇒ Brainstorming around the competition's de-conversion fees



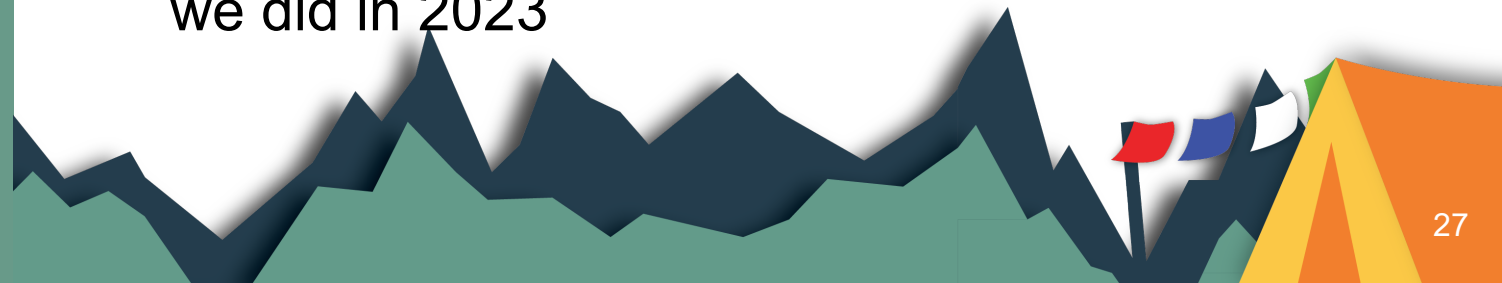


cuasterisk.com



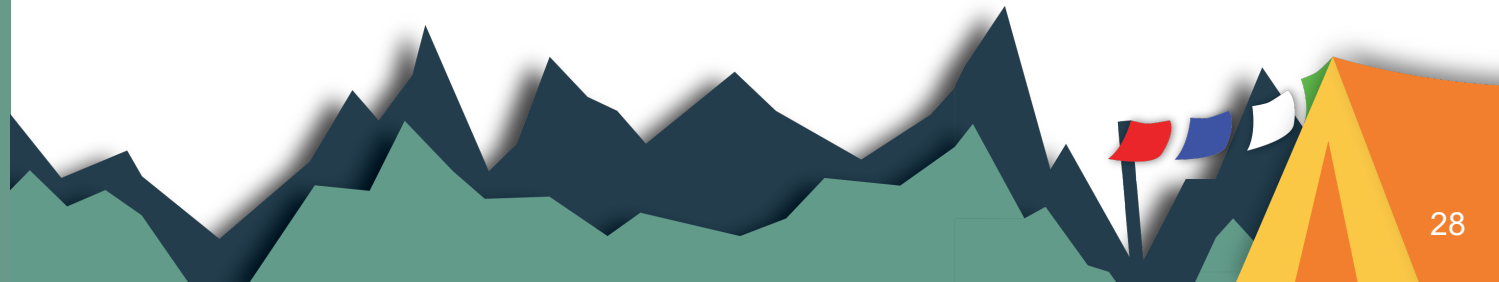
Investing in our Sales Engine

- ⇒ Helping Autumn lock down her first core sale
- ⇒ Focus on finding an “anchor store” in Nevada and Arizona
- ⇒ Turning a Vizo/CNS client into a core due diligence project
- ⇒ Formalizing more Regional Collaboration Communities
- ⇒ Maintain the canvassing momentum in Tiers 1, 2, and 4
- ⇒ Providing support of a full 2024 Conversion Calendar
- ⇒ Increasing our canvassing activity in Tier 4 like we did in 2023





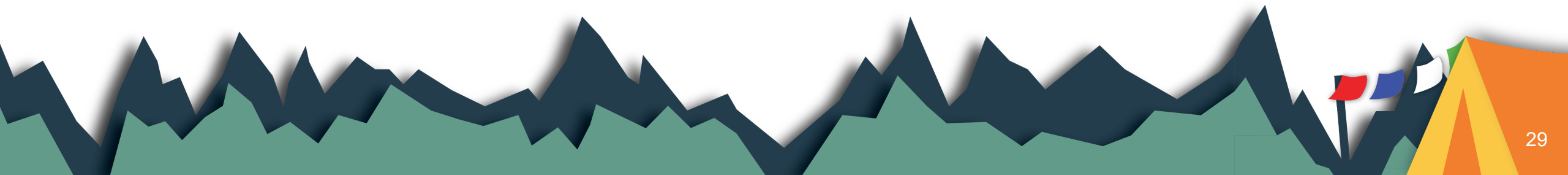
- ⇒ Deepening of existing relationships should bear fruit in 2023
- ⇒ Proof-of-concept vision for CU Alliance and CU REVL
- ⇒ Startup CUSO effort to bring consumer loan participations opportunities to mid-market CUs



Concluding Thoughts

“From a market position standpoint, I am very bullish...”

“It’s my job and my team’s job to ensure that we keep driving the buzz around CU*Answers and our cooperative network – **anywhere, everywhere, and regardless of size.**”



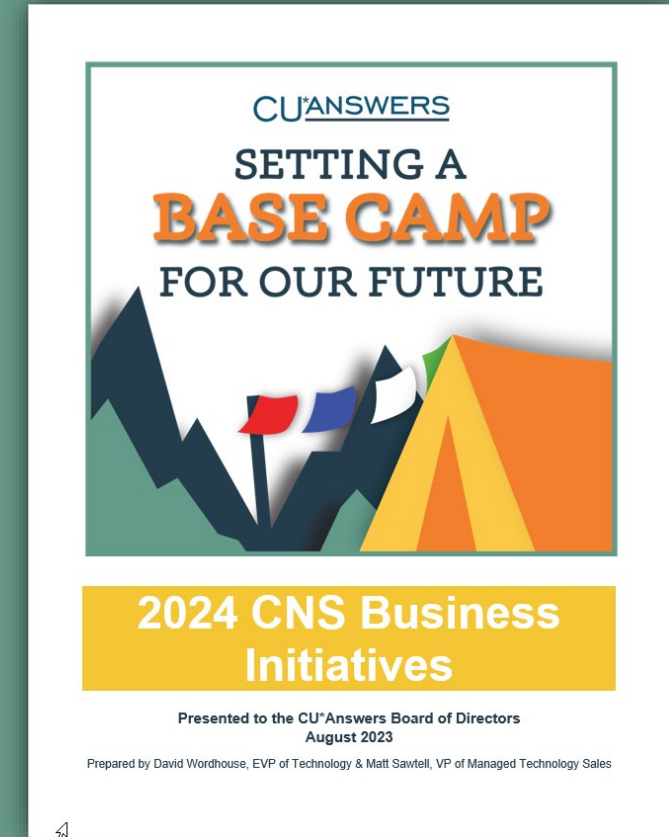
2024 CNS Business Initiatives

Dave Wordhouse

EVP of Technology

Matt Sawtell

VP of Managed Technology Sales



CNS 2024 Business Initiatives

Business Development

- ⇒ Continue to build content for ACIO webinars and Conversations on Cybersecurity

Client Engagement

- ⇒ Continue with our tiered approach to client engagement
- ⇒ Continue work on developing a CNS Advisory Board

Partnerships

- ⇒ Engage with CU*NW on Silo concepts
- ⇒ Pilot program for 3rd-party tier 1 support
- ⇒ Virtual Presence Tech and shared employee programs
- ⇒ Identify partner for MDR/XDR services

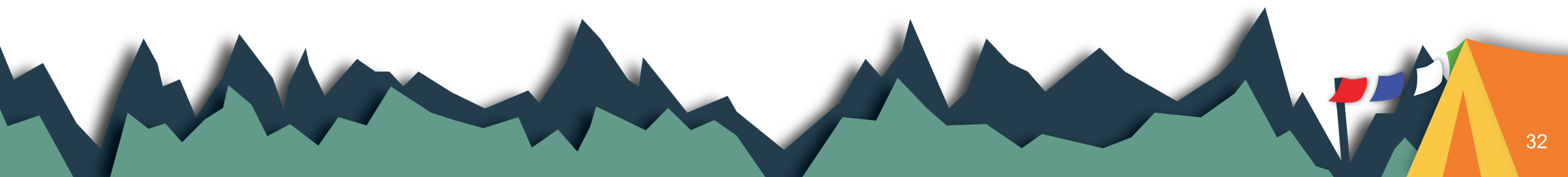
CNS 2024 Business Initiatives

Headwinds and Tailwinds: Challenges

- ⇒ Dealing with supply chain constraints
- ⇒ Addressing staffing challenges
 - ✓ New direct-to-remote hire option for engineers
 - ✓ New hybrid work plan for L2-L4 technicians
 - ✓ New retention plan for L1-L2 technicians

- ✓ New “CU-shared” employee resource approaches

①	②
CU*A hires & houses and rents dedicated technician time to interested CUs	CU hires & houses and rents dedicated technician time to CU*Answers



CNS 2024 Business Initiatives

Headwinds and Tailwinds: Paying for it

⇒ Labor rate increases

- ✓ From \$100 to \$125/hr
- ✓ \$195/hr for emergency cyber response

⇒ Increases on select services

- ✓ Backup storage fees: 10%
- ✓ Virtual Branch fee: 10%
- ✓ VPN Branch connectivity: From \$64/mo. to \$70/mo.
- ✓ Non-contracted management fees: 25%

⇒ Other areas to adjust?

- ✓ Workstation management fees
- ✓ Server management fees
- ✓ Email security management fees
- ✓ Netwrix management fees
- ✓ Router management fees
- ✓ SSL VPN management fees
- ✓ WAP/Switch management fees
- ✓ Firewall management fees
- ✓ Vulnerability Assessment fees

CNS 2024 Business Initiatives

Headwinds and Tailwinds: Positive factors

- ⇒ Full pipeline of committed work
- ⇒ Complete the Fortinet updates
- ⇒ New products and services
 - ✓ DataBP immutable backups
 - ✓ Zix cloud services
 - ✓ Microsoft cloud services
 - ✓ Endpoint security



CNS 2024 Business Initiatives

Artificial Intelligence

- ⇒ As a personal guide and tutor for solving complex problems
- ⇒ As a client service tool
- ⇒ As an autonomous break/fix solution



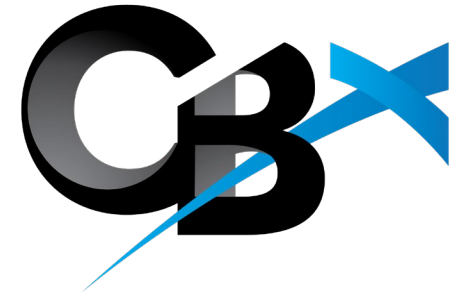
CNS 2024 Business Initiatives

Cybersecurity

- ⇒ Multi-factor implementations
 - ✓ Offering a low-cost solution
 - ✓ Awareness campaigns
- ⇒ Zix email encryption
 - ✓ Eliminating annual portal fee
 - ✓ Awareness campaigns
- ⇒ AdvantageCIO Cyber Assessments
- ⇒ Review of end point security solutions
 - ✓ Is Trend the right fit?

Modernizing Client Networks

- ⇒ CBX: Pushing MPLS to the curb
- ⇒ Bring SD WAN capabilities to full capacity



2024 Software Development Top Projects

Brian Maurer

EVP of Software Development



Software Development Leadership Team



**BRIAN MAURER –
EVP SOFTWARE
DEVELOPMENT**



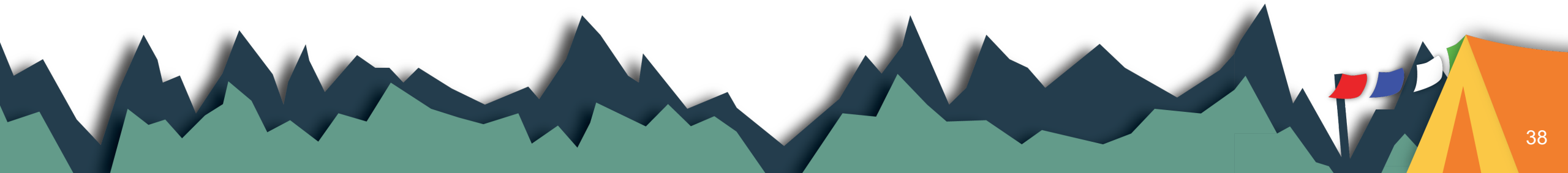
**BOB COLBURN –
AVP CORE
TECHNOLOGIES**



**LORIE MORSE –
AVP INTEGRATED
TECHNOLOGIES**



**BOB ANDERSON –
AVP WEB
TECHNOLOGIES**



2024 Top Software Development Projects

⇒ Analytics Team – Josh Peacock, Manager



- ✓ 58113 Improve how Analytics Booth handles alerts and reports
- ✓ 61201 Create consolidated balance sheets across multiple credit unions
- ✓ 61379 Add total loan apps for the day to analytics booth alerts and trends
- ✓ 60695 Add new data point (# delinquent loans) to Analytics Booth alerts and trends
- ✓ Meet with senior managers to set the stage for our next wave of Analytics Booth initiatives

⇒ Applications Team – Bob Misslitz, Manager



- ✓ 57851 New feature to reward members for using plastic at local retailer/companies
- ✓ 58012 Marketing Club enhancements
- ✓ 58074 New option to pay escrow analysis surplus funds by check
- ✓ 60647 1 Click Unfunded Loan Offers
- ✓ 60092 Handling principal curtailments on interest-only loans for late payments
- ✓ 58331 New wire transfer copy feature

2024 Top Software Development Projects

⇒ Conversions Team – Deb Finkbeiner, Manager

- ✓ Expanding Conversion capacity: Training two conversion programmers,
- ✓ CU*Answers conversion projects: Expanding CUBASE clients in Hawaii, converting our first California CU in February 2024
- ✓ Deconversions
- ✓ Mergers



⇒ Custom Team – Lora O'Connor, Assistant Manager

- ✓ New vendor integrations: ChexSystems, data exchange with AmpliFi for credit card rewards
- ✓ Product reorganizations
- ✓ Custom form development
- ✓ Supporting existing vendor integrations



2024 Top Software Development Projects

⇒ CSI Team – Bob Anderson, AVP Web Technologies



- ✓ 56230 Ascensus IRA Direct Express integration with CU*BASE
- ✓ 60615 Integration with AFG loan calculators
- ✓ Retailer Direct enhancements, including electronic document signatures
- ✓ Payment platform integrations (REPAY, MessagePay, ProPay)
- ✓ Digital Issuance integrations with more card platforms (Entrust, HID Global, AB Corp)
- ✓ Payrailz P2P, A2A, and BillPay integrations
- ✓ Integration with CorpOne for RTP[©]
- ✓ Direct Integration with FedNowSM
- ✓ Platform updates to enhance HA support for DR/BR

2024 Top Software Development Projects

⇒ Database Engineering Team – Deb DeMann, Manager

- ✓ Set baselines for iSeries production/HA environments
- ✓ Continued effort on analyzing, identifying, and executing on the performance enhancements necessary to ensure our iSeries is well suited for the future evolution of our business
- ✓ Improve the DB2 connection pooling process
- ✓ iSeries Performance engagements and assessments



2024 Top Software Development Projects

⇒ EFT Team – Sam Seume, Manager



- ✓ New debit & credit platform for COOP Optis slated for implementation in July 2024
- ✓ Project 61190 Move job posting queues to data queues
(first in a series of projects to alleviate routines that cause a strain on the iSeries)
- ✓ Continue Digital Card Issuance (DCI) implementation with multiple vendors:
 - ✓ 58485 COOP real time card adds
 - ✓ 58388 CUBASE file and configuration changes to support Digital Issuance
 - ✓ 61264 MAP real time card adds

2024 Top Software Development Projects

⇒ GOLD Team – Mike Warren, Manager

- ✓ CBX (CU*BASE Web) – UI migration and rollout
- ✓ Parallel product management – GOLD and CBX
- ✓ Implementation of VAT features in CBX using a new tool vendor to support browser delivery
- ✓ API Integration – Looking for integration opportunities that CBX's browser delivery model might make possible



⇒ Imaging Solutions Team – Sari Rahal, Team Lead

- ✓ CU*Forms enhancements for better workflow and forms packages
- ✓ Native Receipts enhancements for cash tracker & marketing messages
- ✓ CBX support for workstation communications and VAT integrations
- ✓ iDocVault 2.0 support for reports & statements
- ✓ Enhancement to online statement display to support 2023 IRS tax statement changes



2024 Top Software Development Projects

⇒ Online Banking Team – Seth Longcore, Manager



- ✓ Push provisioning for cards
- ✓ Card cancellation / digital issuance for all card vendors
- ✓ 60047 SSO to CryptoFI to allow members to purchase cryptocurrency
- ✓ Realtime Money Movement (RTP[®], FedNowSM, other 3rd party payment platforms)
- ✓ Online loan application enhancements
- ✓ 58785 SSO to Magic-Wrighter ACH Direct
- ✓ Add MFA to key areas of the OLB environment
- ✓ Payrailz P2P, A2A, and BillPay integrations (59137, 59138 and 59139)
- ✓ Additional Online Banking Optics
- ✓ Additional member MFA options

2024 Top Software Development Projects

⇒ OpsEngine Team – *Darrell Stickler, Manager*



- ✓ 61370 Expand Foreign Citizen Tax reporting to allow standard 1099/1098 reporting
- ✓ Move 5 processes that require Operations to enter a credit union to run over to the Operations menu
- ✓ Publish the OpsEngine processing standards
- ✓ Perform HA roll of GoAnywhere MFT

2024 Budget

CEO Comments on the 2024 Budget

KEY ITEMS IN THIS BUDGET

⇒ Investing in our People

- ✓ New team members
- ✓ Regional shared team members for CNS

⇒ Investment in our Facilities

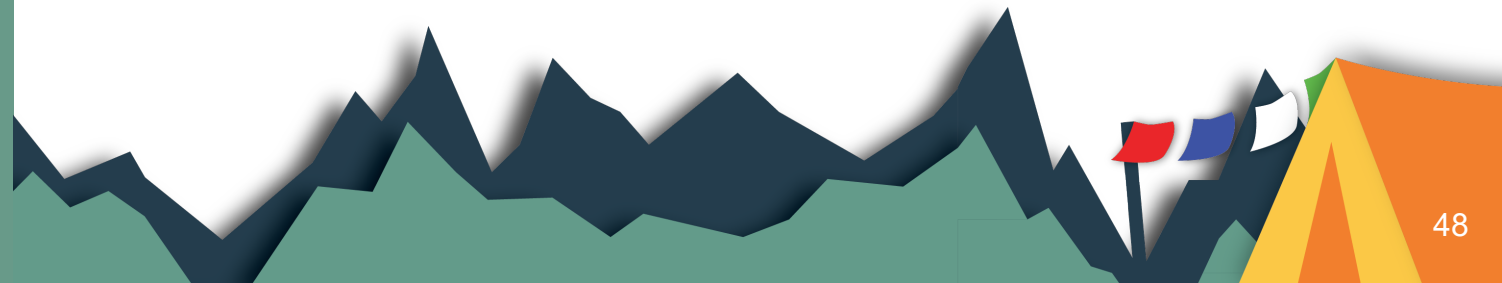
- ✓ Extending leases for GR & LV

⇒ Investing in the Network

- ✓ CU*NW and Vizo for support of new programming staff

⇒ Investing in CBX

- ✓ External programming and QC resources
- ✓ Internal team member investments



CFO Comments on the 2024 Budget

The Future is Bright!

⇒ Investing in staffing

- ✓ Add 4th conversion team
- ✓ Implement CBX
- ✓ Increase throughput QC
- ✓ Full-year impact of EEAS
- ✓ Managing by the numbers

⇒ Areas to watch

- ✓ Rising employee expenses
- ✓ Industry consolidation
- ✓ Rising interest rates
- ✓ Economic and political climate

⇒ Expanding our revenue

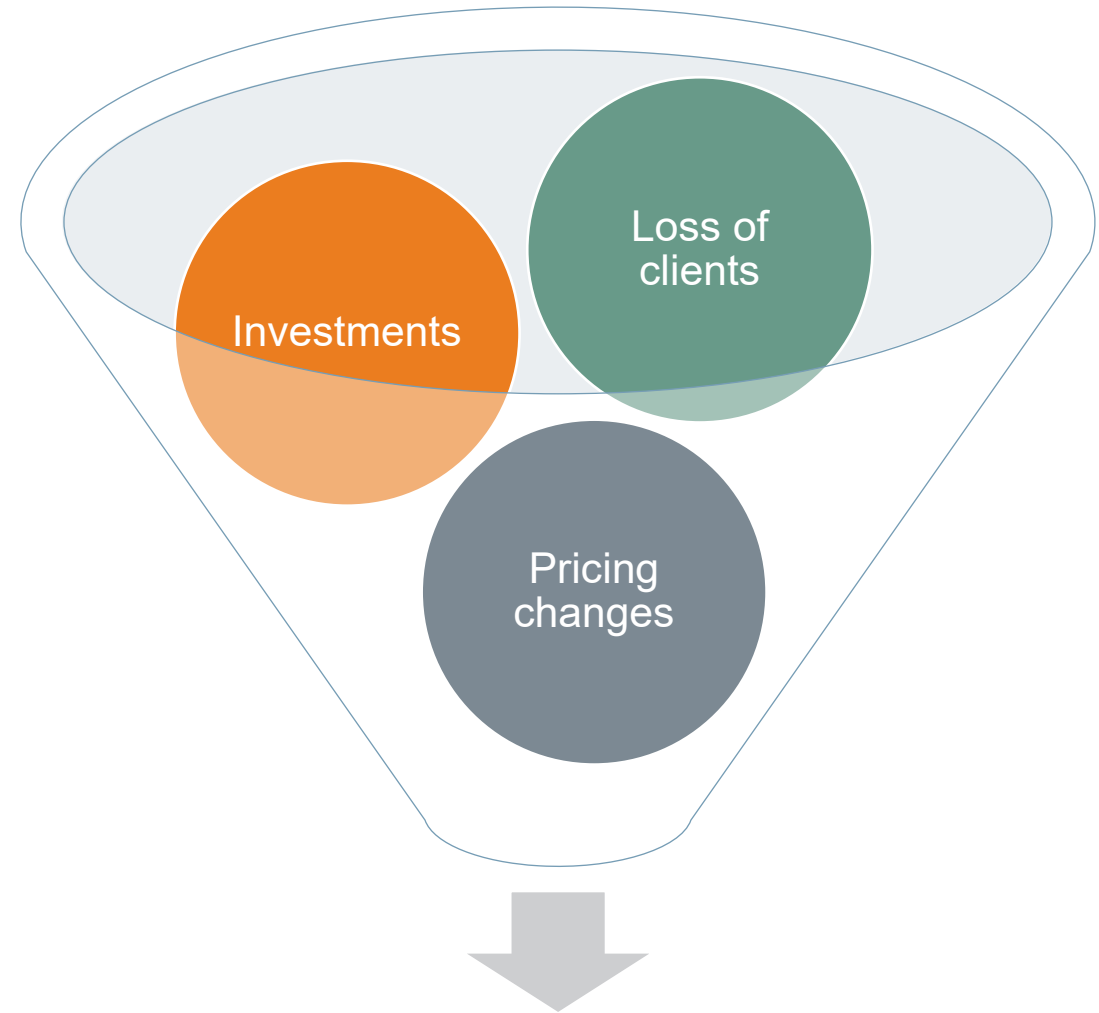
- ✓ Continuing the transition from a member growth model to a revenue expansion one
- ✓ We have a full conversion calendar for FY2024

⇒ There is still incentive to sell!

Feed the beast

Feed the need for growth and future investments

Connecting the Dots on Owner Returns



Impact on Owner Returns

Breaking Down the Budget

INVESTMENT IN STAFFING

8 special comp considerations

Annual merit increases above budgeted 5.0%

2 promotions

8 new positions

Impact on FY2024: **\$425K**

- ✓ 20 net employees added FY23; seeing full impact of add'l \$525K expense in FY24
- ✓ Annual merit increases of \$1 million
- ✓ 401(k) match \$1.2 million

Breaking Down the Budget

HEALTHCARE

10%+ increase in premiums

No additional increase to staff premiums FY24

Last increased in 2021 (\$160.5K)

May need to consider for FY25?

Higher prescription expenses than typical for peer group

Researching our options

Breaking Down the Budget

SALES INCENTIVES AND CONCESSIONS

Net increase in members: 54,500

Conversions are sold out for FY2024!
(Does not include self processor changes or CU Axis clients)

Est. waived revenue: \$245K
For new clients



Breaking Down the Budget

CLIENT CHANGES

3 deconversions

Commonwealth Utilities, Plymouth County
Teachers, Kansas City

FY24 impact: **\$216K**

FY25 impact: **\$347K**

✓ FY24 one-time offsetting revenue: \$65K

Breaking Down the Budget

New Members



Clients

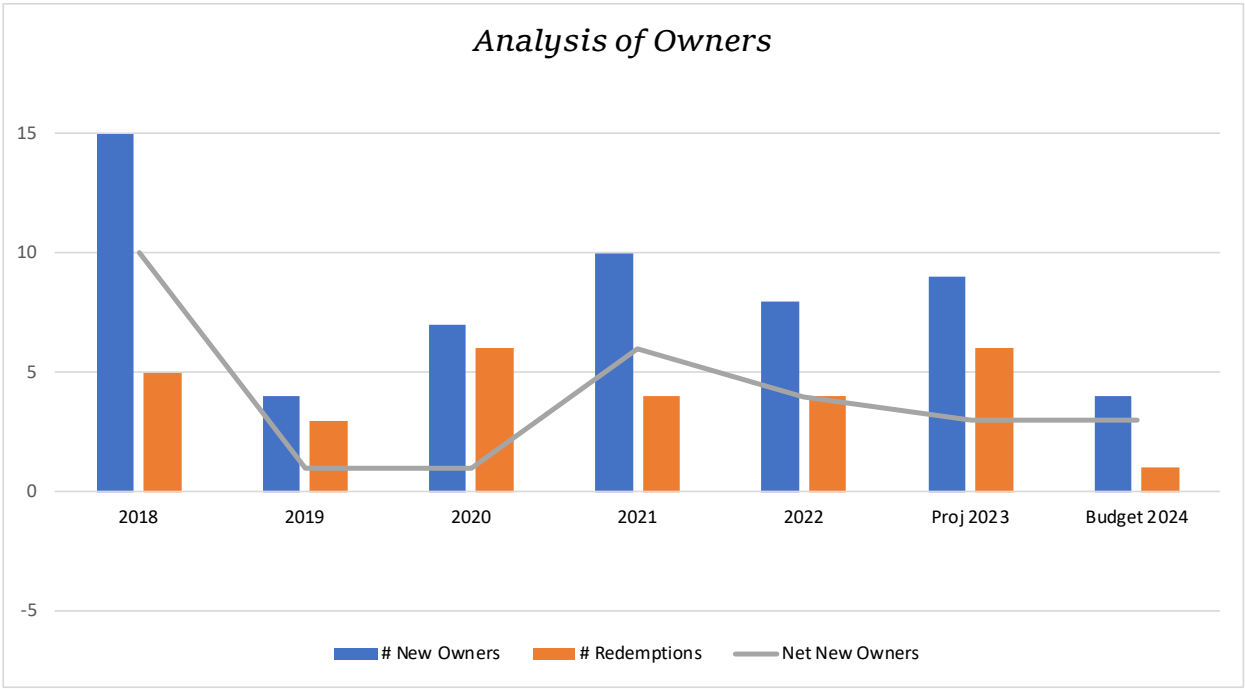
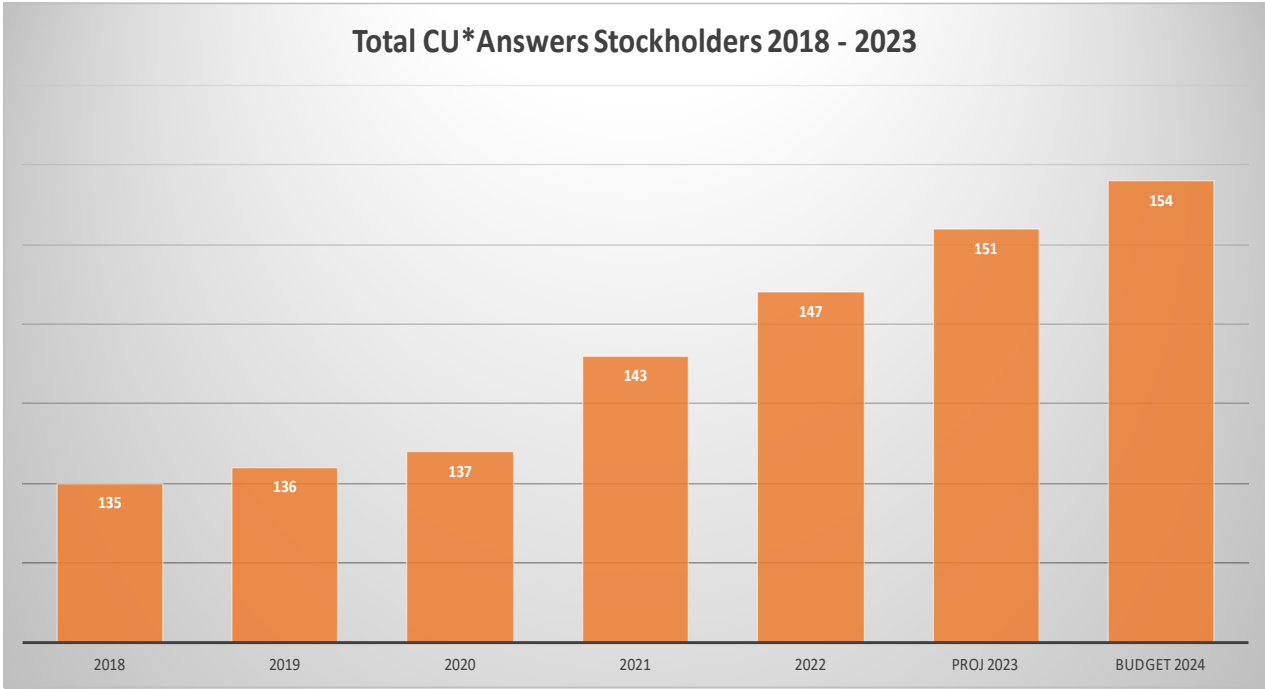


Board Targets

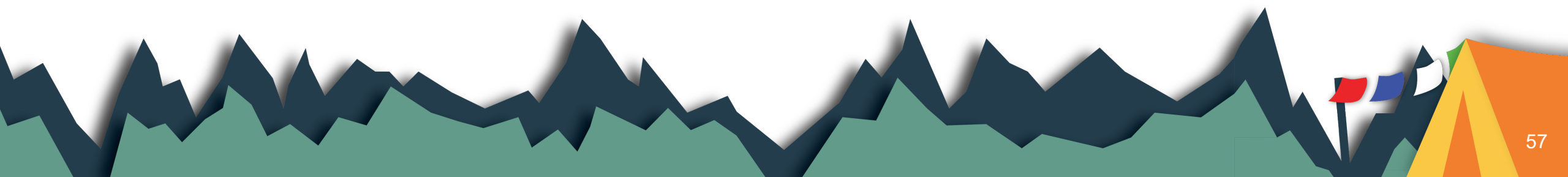
- ⇒ Net increase of 4 new owners as of July 31
- ⇒ Projected increases
 - ✓ Stockholder's equity: 12.80%
 - ✓ Value per share: 9.17%
- ⇒ Projected bonus patronage dividend: \$3M
- ⇒ Bottom line: net *value* of shares continues to increase

CU*Answers, Inc.	Original FY24 Budget
Income and Retained Earnings Goals	
2022 Actual Stockholder's Equity	\$ 29,370,118
2022 Actual Value per Share	\$ 998.98
2022 Stock Purchase Price	\$ 397,000
2022 Stock Dividends	\$ 1,176,955
2023 Stock Sales (net of redemptions) - net 4 new owners	\$ 2,658,016
2023 Net Income Before Patronage Dividend and Taxes	\$ 10,749,479
2023 Income Taxes	\$ 1,096,975
2023 Stock Dividends	\$ 1,344,816
2023 Patronage Dividend	\$ 4,250,000
2023 Bonus Patronage Dividend	\$ 3,000,000
2023 Actual Stockholder's Equity	\$ 33,085,822
% Growth	12.65%
2023 Actual Value per Share	\$ 1,095.56
% Growth	9.67%
2023 Stock Purchase Price	\$ 425,000
2024 Stock Sales - net gain 3 new owners	\$ 1,725,416
2024 Net Income Before Patronage Dividend and Taxes	\$ 9,511,097
2024 Income Taxes	\$ 1,388,663
2024 Stock Dividends	\$ 1,368,752
2024 Patronage Dividend	\$ 4,250,000
2024 Bonus Patronage Dividend	\$ -
2024 Estimated Stockholder's Equity	\$ 37,314,920
% Growth	12.8%
2024 Estimated Value per Share	\$ 1,195.99
% Growth	9.17%
2024 Stock Purchase Price - Estimated	\$ 425,000

Growth Trends in Stockholders 2018-2024



All figures as of fiscal year end (September 30) of each year thru FY22. Est for FY23 & FY24



Let's make it a
great 2024!