

Community Service Credit Union Annual Member Meeting April 27, 2019

Community Service Credit Union
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Access to member's accounts is always a priority for CSCU and with that in mind, the decision was made to expand debit card support service. Members can now receive assistance with debit cards no matter the day of the week, or time of day. This expanded service includes assistance with fraud disputes, travel exemptions, debit card activation and more. Texas Credit Union Department examiners recommended that we establish the number of directors as an odd number, rather than an even number. In June 2017, the bylaws were amended to change the total number of directors from 8 to 7. In conclusion Mr. Scott expressed confidence in the leadership of Brenda Hooker, CEO, the Board of Directors, dedicated staff and the support and loyalty of our member-owners.

Following the Chairman's Report, Mr. Scott introduced Ms. Brenda Hooker to provide the Chief Executive Officer's Report. Ms. Hooker noted that the credit union founders couldn't know their venture would grow from 55 members to over 11,000 members in 64 years, and that assets would grow from \$10,000 to \$94M. We have many people to thank for those successes, including our directors, leaders, dedicated employees and loyal members. This year will go down in history as one of the most unusual for its hurricanes, storms and devastating flooding. People lost cars, belongings and homes and we were able to reach out to those in devastated communities to offer financial assistance.

Top security issue was the Equifax data breach that affected 143 million Americans. Ms. Hooker advised members to take advantage of Credit Sense, a free credit monitoring tool available through CSCU Online and CSCU Mobile. Monthly updates are delivered directly to the member's inbox, highlighting any new or unusual activity on their credit report. In closing, Ms. Hooker noted that our commitment is that CSCU will continue to grow while listening and responding to member's needs; exploring innovative product and service solutions to enhance your financial life and develop our staff and board, so they can confidently and wisely serve your interests.

Mr. Scott introduced Mr. Mike Countz to give the Nominating Committee Report. Mr. Countz reported that the 2018 Nominating Committee consisted of himself as Committee Chairman, Mr. David McNutt and Mr. Scott Kyle. Mr. Countz reported that there were no nominees received by Petition, therefore the Committee nominates incumbents Mr. John Burney, Mr. Sherrel O. Woods, Mr. Thomas Dewitt Oleinik and Mr. Wayne Scott for a 3 year term expiring 2021. Mr. Scott thanked Mr. Countz for his report. In accordance with the bylaws of CCU, Mr. Scott declared election by acclamation of Mr. John Burney, Mr. Sherrel O Woods, Mr. Thomas Dewitt Oleinik and Mr. Wayne Scott.

Mr. Scott then declared the 64th Annual Meeting of the Membership of Community Service Credit Union adjourned at 10:30 a.m.

Paul D. Brown
Secretary

Welcome to the 65th annual meeting of Community Service Credit Union. We are all stakeholders here, each of us invested in the health and wellbeing of this great financial institution. So, I want to thank you for being here, and I applaud you for being truly connected member-owners.

I want to first recognize my fellow board members for their leadership, dedication, and passion for this credit union. The strength of their commitment is key to our long-term sustainability and prosperity. And to our members, I'm greatly humbled by the trust you've placed in us. As a united body of leadership, we are responsible for ensuring that we have a competent, qualified, and trustworthy management team, and I can say unequivocally that we do.

As you can see in the Annual Report, CSCU performed well in 2018. Some of the highlights of that report include:

- Membership at CSCU in 2018 ended at 11,236.
- As our credit union membership grows, so do our assets, which is one of the primary indicators of how well our members are utilizing the products and services we offer. Our December 2018 assets were \$97,009,818.
- I'm very pleased to announce that again this year CSCU is a well-capitalized financial institution, with a strong net worth ratio of 10.8%. To put that in perspective, a net worth position above 7% is considered well capitalized by our regulators.
- In total, our 11,236 members have added more than \$1.5 million to their savings accounts. When we see people saving away for the future, we hope our efforts to enhance the financial literacy of our members have contributed to better money management.
- 2018 ended with over \$77 million in total loans., and delinquencies remain low at .32% of total loans. This is a reflection of two things: the competitive rates we're able to offer and your strong commitment to honoring your financial obligations.

The board engaged CPA Firm Nearman, Maynard, and Vallez to perform an opinion audit of the credit union for the period ending September 30, 2018, to audit the credit union. I am pleased to report that the firm has rendered an opinion that our financial statements fairly represent the financial position of the credit union, and that the results of its operations are in accordance with generally accepted accounting principles. The firm also conducted a verification of member accounts with no findings.

There have been two changes to our senior management staff. We are delighted to welcome Mr. John Hendricks as Chief Lending Officer and Mrs. Jennifer Goodall as Chief Operations Officer, and we have every confidence in their abilities to lead us into the future.

In closing, I'd like to express my deepest confidence in the leadership of Brenda Hooker, the wisdom and guidance of our esteemed board of directors, the commitment of our dedicated staff, and the support and loyalty of our member-owners. We look optimistically into the future because CSCU is well positioned to face any challenge and seize any opportunity that presents itself in 2019.

Thank you, ladies and gentlemen. I wish you and your families the very best in 2019.

Wayne Scott
Chairman

Abbagail Sherling
Personal Banker Manager

Amy McGraw
Personal Banker

Becky Clemmons
Personal Banker

Gabi Garcia
Marketing Services Director

Jessica Wilson
Personal Banker Manager

Leti Wheeler
Risk Management Associate

Susana Sanchez
Personal Banker

Tina McDonald
ATM Fleet Manager

Yvonne Bright
Personal Banker

Alexandra McKinney
Risk Management Associate

Angel Merino
Personal Banker

Brandi Smith-Wheaton
Personal Banker

Jessica Santamour
Personal Banker

Julia Elliott
Personal Banker

Shay Ligon
Personal Banker

Taelor Brumley
Personal Banker Manager

Veronica McMillian
Sr. Loan Officer

Wayne Scott
Chairman
Term Expires 04/2021

Jack Parker
Vice Chairman
Term Expires 04/2020

S.O. Woods
Treasurer
Term Expires 04/2021

Paul Brown
Secretary
Term Expires 04/2020

John Burney
Director
Term Expires 04/2021

Dewitt Oleinik
Director
Term Expires 04/2021

Mike Countz
Director
Term Expires 04/2020

Ferne Frosch
Associate Director

Executive Management

Brenda Hooker
Chief Executive Officer
35 Years of Service

Patsy Lindamood
Chief Financial Officer
7 Years of Service

John Hendricks
Chief Lending Officer

Jennifer Goodall
Chief Operations Officer
10 Years of Service

Mary Dye
Risk Manager
29 Years of Service

Staff +5 Years of Service

Carol Sullivan
Sr. Loan Officer
34 Years of Service

Lisa Byrd
Risk Management Associate
30 Years of Service

Laura Shotwell
Digital Services Manager
13 Years of Service

Todd Armstrong
VP of Lending
9 Years of Service

Diane Clarke
Debit Card Administrator
7 Years of Service

Beth Legg
Accountant
7 Years of Service

Leslie Zimmerman
Accountant
6 Years of Service

Ellen Knouse
Personal Banker
6 Years of Service

Amanda Rosenlund
Accountant
6 Years of Service

Good morning and welcome to the 2019 Annual Meeting of Community Service Credit Union. I'm delighted to be here with you at our 65th annual meeting.

I'm delighted to say that credit unions across the country are doing extremely well. Texas has 461 credit unions with more than 8.8 million members and total current assets of \$79 billion. These figures reflect a robust and healthy credit union system, of which CSCU is a part.

Since the credit union's founders opened for business in 1954, we've grown from 55 members to over 11,000, and our assets have grown from \$10,000 to nearly \$100 million. We are very proud of how far we've come in 65 years, and I know our many accomplishments would not have been possible without the ongoing energy, optimism, commitment, and wholehearted belief that our people and members have in our principles and philosophies as a cooperative, not-for-profit entity.

I'd like to recognize our committed directors for their responsible stewardship of our principles, philosophy, and mission; our outstanding leaders for their insightful strategic planning and organization; our dedicated employees for embracing our values and goals and for delivering best-in-class service; and our loyal members who appreciate the many ways their credit union is a partner in their financial wealth. Because of the work we've all done *together*, this credit union is thriving.

From a business perspective, we joined our fellow credit unions in weathering a tumultuous 2018 in the lead-up to the midterm elections. In fact, without risk of hyperbole, we can say that 2018 was one of the most controversial years in the history of the nation. And while a barrage of political headlines vied for our attention, your credit union continued its steady trajectory forward and upward, with our focus finely tuned to the things that matter to members.

One of the biggest ongoing issues we faced in 2018 was data breaches because merchants across the country continue to be vulnerable. A report from cybersecurity firm Shape Security showed that almost 90 percent of the log-in attempts made on online retailers' websites are

hackers using stolen data. Ninety percent! Many of these breaches were caused by flaws in the retailers' payment systems that hackers found a way to take advantage of. CSCU has a broad array of security network of security devices as well as services in place to keep member information well protected.

As I said, because of our cooperative business model we're able to return profits to our members in the form of competitive rates, new products, enhanced services, and additional points of service to make it easier for you to reach your financial objectives.

We are committed to serving our community where we can make the greatest impact. Helping with financial literacy and the account management for our members who are most vulnerable, such as children, young adults, retirees, and our elderly, are some of the ways we can do that.

We are committed to being a knowledge center that allows our members to trade peer advice and insights about budgeting, buying, and saving.

We are committed to offering more and better resources that ensure our members are using the safest, most secure, and most convenient technology available.

We are committed to helping you finance your life activities, such as education, small businesses, and transportation in a responsible way.

As we move into 2019, my commitment to you today is that CSCU will continue to grow responsibly while listening and responding to your needs. We will explore innovative product and service solutions to enhance your financial life, and we'll develop our staff and board so they can confidently and wisely serve your interests.

Member-owners are integral to the credit union, and I am grateful that you've chosen CSCU as your financial partner. I look forward to a great 2019.

Thank you.

Brenda Hooker
CEO

2018 Statement of Financial Position

2018 Statement of Income and Expenses

Assets	December 31, 2018
Loans, Net of Allowance	\$77,451,982
Cash and Cash Equivalents	\$7,203,179
Investments	\$3,117,775
Accrued Interest	\$208,987
Buildings and Equipment	\$3,980,714
National CU Share Insurance Fund Deposit	\$840,713
Other Assets	\$4,206,468
Total Assets	\$97,009,818
Liabilities and Member Deposits	
Accounts Payable	\$1,283,567
Other Payables	\$615,753
Total Liabilities	\$1,899,320
Member Deposits	
Regular Shares	\$34,234,254
Checking	\$23,960,469
Certificates of Deposit	\$11,467,152
IRA Certificates of Deposit	\$2,034,021
Money Market Accounts	\$10,932,941
Other Savings, including IRA Savings	\$2,103,379
Total Deposits	\$84,732,216
Reserves and Undivided Earnings	\$10,378,282
Total Liabilities, Member Deposits and Reserves	\$97,009,818

Income	December 31, 2018
Income from Loans	\$3,847,743
Income from Investments	\$181,404
Other Income	\$2,933,357
Total Operating Income	\$6,962,504
Expenses	
Compensation and Benefits	\$2,149,345
Training and Conference	\$34,289
Office Occupancy Expenses	\$289,061
Office Operations Expenses	\$644,653
Marketing and Education	\$215,244
Loan Servicing, including Collections	\$324,235
Professional Services	\$1,917,294
Other Operating Expenses	\$102,736
Provision for Loan Loss	\$387,504
Total Operating Expenses	\$6,064,361
Income from Operations	\$898,143
Non-Operating Gain (Loss)	(\$4,675)
Dividends and Interest Paid to Members	\$217,030
Net Income	\$685,788