



BrazosCCU.org

2023 Annual Meeting

BrazosCCU

5:30 PM

Tuesday-February 21, 2023

BrazosCCU – 2023 Annual Report

Agenda

1. Call to Order;
2. Determination of a Quorum;
3. Invocation;
4. Reading and Approval of the Minutes of the Annual Meeting of February 15, 2022;
5. Chairman of the Board's Report;
6. President's Report;
7. Treasurer's Report;
8. Annual Audit Report;
9. Unfinished Business;
10. New Business;
11. Election of Directors;
12. Door Prizes;
13. Announcement of Board of Directors for 2023; and
14. Adjournment.

Volunteers and Staff

Board of Directors

Chairman – Mr. David Montemayor Jr.	2025
Vice-Chairman – Mr. Matt Jefferson	2024
Treasurer – Mr. Robert Grays	2025
Secretary – Mrs. Netta Shingler	2023
Director – Mr. Chris Green	2023

Term Expiration

Staff

Mr. Wesley Shaw, President
Ms. Beverly Martin, Accounting Manager
Mrs. Kelli Wiley, Loan Manager
Ms. Ryen Denson, Loan Officer and Collector
Ms. Gloria Caballero, Member Account Specialist
Mr. Deland Myers, Member Service Representative

Nominating Committee

Mr. John Eymann
Mr. Felix Briones
Mr. Pat Krajca

Vision Statement

To accelerate our member's financial position. To fulfil this mission, we will provide products and services at a cost that benefits our members financially.

BrazosCCU – 2023 Annual Report

Chairman of the Board's Report

Welcome to your 2023 annual meeting and thank you for joining us.

2022 was a unique year for everyone. We saw inflation and rising interest rates for the first time in a long time. The Board and management continue to adjust to new market conditions. Recessions happen and we are here to serve you. Here you are not just an account number, and you can talk to actual human beings, not just robots on the phone. We appreciate you, as you are the lifeblood of the CU.

David Montemayor, Jr.
Chairman of the Board

President's Report

Thank you to the staff for their continued efforts and ability to adapt this year. Especially post-pandemic with different schedules. Likewise, members thank you for your patience. The credit union is financially sound and is well positioned to serve your financial needs. In 2022, the net income was lower than previous years due to increased loan losses. Our mission for 2023 is to make you money on your deposits through the high yields and to reduce loan losses. I would like to thank all of you, our members, for your continued support. Without your support, we could not and cannot be successful.

Wesley W. Shaw
President

Treasurer's Report

During 2022 the net worth ratio increased from 18.75% to 19.51%. To be considered “well-capitalized” by the state and federal regulators the net worth ratio must be above 7.00%. Total loans and total deposits both decreased in 2022 by 0.51% and 3.99%, respectively. While total delinquent loans decreased from 3.46% to 2.27%, total loan losses increased from 0.33% to 2.01%. Net income for 2022 was 0.03%.

Robert Grays
Treasurer of the Board

Annual Audit Report

The annual audit was completed by Cornerstone Resources for the period ending November 30, 2021. The work was performed in accordance with requirements set forth in Title 7, Part 6, Section 91.516 of the Texas Administrative Code and Section 715.7(c) of the NCUA Rules and Regulations, and included any additional procedures deemed necessary. Cornerstone Resources also performed the ACH Audit, BSA Audit, and SAFE Act Audit in the first quarter of 2022.

BrazosCCU – 2023 Annual Report

Unfinished Business

None.

New Business

None.

Election of Directors

See Ballot.

Adjournment

Meeting Adjourned.

BrazosCCU
ANNUAL MEETING
FEBRUARY 15, 2022

This meeting was called to order at 5:43 pm. by Mr. David Montemayor.

Mr. Pat Krajca gave the invocation.

34 BrazosCCU Members attended the meeting, per the Sign-in Sheet.

Minutes of the previous meeting were read by Mr. Wesley Shaw.

The previous meeting minutes were approved on motion by Ms. Kay Dahlstrom and seconded by Mr. John Eymann and the motion carried.

Chairman's Report was read by Mr. David Montemayor. No comments from the floor.

President's Report was read by Mr. Wesley Shaw. No comments from the floor.

Treasurer's Report was read by Mr. Robert Grays. No comments from the floor.

Audit's Report was read by Mr. Wesley Shaw. No comments from the floor.

Loan Report was read by Mr. David Montemayor. No comments from the floor.

There was no Unfinished Business to discuss.

There was no New Business to discuss.

Election of Directors by the Nominating committee was Mr. John Eymann.

Motioned to elect by: Mr. Trey Dahlstrom and seconded by Mr. Robert Grays. The motion carried.

Adjournment was motioned by Ms. Kay Dahlstrom and seconded by Mr. Pat Krajca at 6:15 pm.

BALLOT

BrazosCCU Board of Directors Election Annual Meeting 2023

Position Number	Present Director	Current Term
1	Mr. Matt Jefferson	2021 – 2024
2	Mr. David Montemayor, Jr.	2022 – 2025
3	Mr. Robert Grays	2022 – 2025
4	Mrs. Netta Shingler	2020 – 2023
5	Mr. Chris Green	2020 – 2023

BrazosCCU has five directors. Directors are elected for a three-year term with staggered expiration dates. With five directors, this means that in most years two directors' terms expire.

This year the terms for Position 4 and 5, occupied by Mrs. Netta Shingler and Mr. Chris Green, expire. The election for this position is for a three-year term that ends in 2026. The bylaws of the credit union dictate that when a director is appointed by the board to fill an open position, that director must stand for election at the next annual meeting.

The Nominating Committee submits the following candidates:

CANDIDATES

Mrs. Netta Shingler	_____
Mr. Chris Green	_____
_____	_____
_____	_____
_____	_____

Please Vote for one (1) candidate by marking your ballot with an 'X' in the blank to the right of the candidate's name to cast your ballot for that candidate. If anyone is nominated from the floor, and you would like to vote for them, write their name in a blank on the left and mark the blank to the right of their name with an 'X' to cast your ballot for that candidate. Vote for a total of not more than one candidate.

BrazosCCU
Key Ratio Report

Financial Performance Ratios	12/31/2021	9/30/2022	10/31/2022	11/30/2022	12/31/2022	Guidelines
Net Worth	18.75%	18.95%	19.48%	19.68%	19.51%	7.00%
ROAA*	2.28%	0.19%	0.42%	0.49%	0.03%	1.00%
Liquidity(L+>6mo+FA/S+NW)	94.13%	94.80%	95.63%	96.07%	96.63%	93.00%
Loan to Asset	92.18%	93.13%	93.63%	94.36%	95.29%	60.00%
Loan to Share	115.69%	116.86%	118.77%	119.55%	119.88%	80.00%
Loan Growth*	13.84%	0.93%	-0.51%	-0.18%	-0.51%	7.50%
Share Growth*	4.13%	-0.40%	-3.61%	-3.69%	-3.99%	7.50%
Delinquency	3.46%	2.74%	2.26%	2.61%	2.27%	1.75%
Charge-Off	0.33%	1.85%	2.01%	1.88%	2.01%	0.75%

*Annualized

Financial Performance Ratios	12/31/2020	GOALS 2022
Net Worth	17.28%	Loan Growth* 0.00%
ROAA*	0.84%	Share Growth* 3.00%
Liquidity(L+>6mo+FA/S+NW)	87.85%	Member Growth* 3.00%
Loan to Asset	86.08%	ROAA 1.00%
Loan to Share	105.83%	LQ 93%
Loan Growth*	16.93%	DQ 1.75%
Share Growth*	25.21%	CO 0.75%
Delinquency	1.50%	
Charge-Off	0.96%	

*Annualized

Definitions:

Net Worth - Net worth divided by total assets. Percentage of earnings from current and previous periods set aside to absorb operational losses. Higher levels of net worth allow the credit union to survive difficult periods.

Delinquency - Loans greater than 60 days delinquent divided by total loans.

Charge-off - Percentage of loans charged off from the loan portfolio on an annualized basis.

ROAA - Annualized net income divided by average assets. This is the amount that contributes to increases or decreases to net worth.

Liquidity - Total loans plus investments with remaining maturities greater than 6 months plus fixed assets divided by total shares plus net worth. This is the ratio established in our ALM policy and 93% is the policy limit.

Loan to Asset - Total loans divided by total assets. This represents the percentage of assets in the loan portfolio. Because loan yield is greater than investment yield, this percentage directly affects earnings.



BrazosCCU.org

BrazosCCU.org
Balance Sheet Variance Report as of 12/31/2022

Account Description -----	Current Balance -----	Budget 12/31/2022 -----	Variance -----	Percent Variance -----
LOANS TO MEMBERS				
* TOTAL	\$ 24,128,657.52	\$ 24,000,000.00	\$ 128,657.52	0.54%
ALL				
* TOTAL	\$ (399,871.47)	\$ (250,000.00)	\$ (149,871.47)	59.95%
<i>*Increase in loan losses over budget</i>				
OTHER RECEIVABLES				
* TOTAL	\$ 1,260.12	\$ 800.00	\$ 460.12	57.52%
CASH				
* TOTAL	\$ 1,184,661.81	\$ 3,645,632.00	\$ (2,460,970.19)	-67.50%
INVESTMENTS				
* TOTAL	\$ 219,359.95	\$ 250,000.00	\$ (30,640.05)	-12.26%
PREPAID EXPENSES AND DEF CHARG				
* TOTAL	\$ 20,195.72	\$ 30,000.00	\$ (9,804.28)	-32.68%
FURNITURE, FIXTURES, & EQUIPMENT				
* TOTAL	\$ 68.00	\$ 68.00	\$ -	0.00%
ACCRUED INCOME				
* TOTAL	\$ 72,348.29	\$ 80,000.00	\$ (7,651.71)	-9.56%
BUILDING				
* TOTAL	\$ 65,494.46	\$ 60,000.00	\$ 5,494.46	9.16%
COMPUTER HARDWARE & SOFTWARE				
* TOTAL	\$ 28,577.15	\$ 50,000.00	\$ (21,422.85)	-42.85%
** TOTAL ASSETS	\$ 25,320,751.55	\$ 27,866,500.00	\$ (2,545,748.45)	-9.14%
ACCOUNTS PAYABLE				
* TOTAL	\$ 44,824.85	\$ 275,000.00	\$ (230,175.15)	-83.70%
DIVIDENDS PAYABLE				
* TOTAL	\$ 8,056.80	\$ 15,000.00	\$ (6,943.20)	-46.29%
TAXES PAYABLE				
* TOTAL	\$ 25,565.10	\$ 1,500.00	\$ 24,065.10	1604.34%
ACCRUED EXPENSES				
* TOTAL	\$ 174,963.05	\$ 175,000.00	\$ (36.95)	-0.02%
** TOTAL LIABILITIES	\$ 253,409.80	\$ 466,500.00	\$ (213,090.20)	-45.68%
SHARES OF MEMBERS				
* TOTAL	\$ 20,126,859.76	\$ 21,947,951.00	\$ (1,821,091.24)	-8.30%
RESERVES				
* TOTAL	\$ 4,940,481.99	\$ 5,100,000.00	\$ (159,518.01)	-3.13%
** TOTAL LIABILITIES & CAPITAL	\$ 25,320,751.55	\$ 27,514,451.00	\$ (2,193,699.45)	-7.97%



Income Statement Variance Report as of 12/31/2022

Account Description	Y-T-D Balance	Budget 2022	Variance	Percent Variance
INCOME FROM LOANS				
* TOTAL	\$ 1,517,873.02	\$ 1,500,000.00	\$ 17,873.02	1.19%
INVESTMENT INCOME				
* TOTAL	\$ 8,404.59	\$ 104.33	\$ 8,300.26	7955.57%
FEEES AND CHARGES				
* TOTAL	\$ 244,756.69	\$ 245,424.77	\$ (668.08)	-0.27%
MEMBERSHIP CAPITAL ACCT (MCA)-PROCEEDS RECOVERED FROM 2010 SWCFCU LIQUIDATION				
* TOTAL	\$ 63,321.08	\$ -	\$ 63,321.08	
** TOTAL GROSS REVENUE	\$ 1,834,355.38	\$ 1,745,529.10	\$ 88,826.28	5.09%
EMPLOYEE COMPENSATION				
* TOTAL	\$ 431,283.42	\$ 452,000.00	\$ (20,716.58)	-4.58%
EMPLOYEE BENEFITS				
* TOTAL	\$ 116,080.57	\$ 98,266.89	\$ 17,813.68	18.13%
OFFICE OCCUPANCY EXPENSES				
* TOTAL	\$ 36,013.10	\$ 45,000.00	\$ (8,986.90)	-19.97%
OFFICE OPERATIONS EXPENSE				
* TOTAL	\$ 275,401.65	\$ 250,691.94	\$ 24,709.71	9.86%
EDUCATIONAL & PROMOTIONAL EXP				
* TOTAL	\$ 30,211.26	\$ 35,000.00	\$ (4,788.74)	-13.68%
LOAN SERVICING EXPENSE				
* TOTAL	\$ 11,177.06	\$ 15,804.00	\$ (4,626.94)	-29.28%
PROFESSIONAL AND OUTSIDE SERV.				
* TOTAL	\$ 70,574.93	\$ 75,000.00	\$ (4,425.07)	-5.90%
PROVISION FOR LOAN LOSSES				
* TOTAL	\$ 609,977.40	\$ 175,000.00	\$ 434,977.40	248.56%
OPERATING FEES				
* TOTAL	\$ 4,396.66	\$ 6,049.92	\$ (1,653.26)	-27.33%
CASH OVER AND SHORT				
* TOTAL	\$ (125.00)	\$ 500.00	\$ (625.00)	-125.00%
ANNUAL MEETING EXPENSE				
* TOTAL	\$ 28,399.92	\$ 60,000.00	\$ (31,600.08)	-52.67%
DIVIDENDS				
* TOTAL DIVIDEND	\$ 194,706.60	\$ 300,000.00	\$ (105,293.40)	-35.10%
MISCELLANEOUS EXPENSE - OTHER				
* TOTAL	\$ 18,195.30	\$ 30,000.00	\$ (11,804.70)	-39.35%
***TOTAL DIVIDENDS AND EXPENSES	\$ 1,826,292.87	\$ 1,543,312.76	\$ 282,980.11	18.34%
NET INCOME OR LOSS	\$ 8,062.51	\$ 202,216.35	\$ (194,153.84)	-96.01%

***Revenue is ok. Expenses are over budget \$283k due to greater than budgeted PLLL expense from greater than budgeted loan losses and CECL implementation that was effective 12/31/2022.**