



BrazosCCU.org

Accelerating Your Financial Position Since 1970

2020 Annual Meeting

BrazosCCU – Lobby

Ineos – Chocolate Bayou Works Site

5:30 PM

Tuesday February 18, 2020

BrazosCCU – 2020 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 19, 2019;
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 2020; and
14. Adjournment.

Volunteers and Staff

Board of Directors

Chairman – Mr. David Montemayor Jr.	2022
Vice-Chairman – Mr. Matt Jefferson	2021
Treasurer – Mr. Robert Grays	2022
Secretary – Mrs. Netta Shingler	2020
Director – Mr. Chris Green	2020

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
Ms. Victoria Alanis, Member Service Representative

Nominating Committee

Mr. John Eymann
Mr. Felix Briones

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 as compared to our competitors.

BrazosCCU – 2020 Annual Report

Chairman of the Board's Report

Welcome to our 2020 annual meeting. I'm honored to be here with you tonight and talk to you about your credit union.

Your credit union is financially sound and is well positioned to serve your financial needs at a much cheaper rate than any other financial institution in Brazoria County, or in the entire nation. In 2019, we had a great year.

As we celebrate 50 years, I would like to thank all of you, our members, for your continued support. Without your support, we could not and cannot be successful.

David Montemayor, Jr.
Chairman of the Board

President's Report

Good evening everybody and welcome to the annual meeting. It's my pleasure to be with you this evening.

Our vision and mission for 2020 is to save you money on your loans through lower payments and make you money on your deposits through the highest yields in the nation. After all, you worked hard to earn your money and you deserve to keep more of it. BrazosCCU can do everything that a big bank or big credit union can...and FOR FREE. I believe that not one single member or potential member should be banking anywhere else because we offer the same financial products and services as any other financial institutions at a cheaper cost to you! I urge you to take advantage of our services and products.

2019 was a year of milestones for your credit union. We will continue to build on our momentum into 2020, only with your help. We NEED you. Unlike other big CUs and Banks, here you are not just an account number and you can talk to actual human beings, not just robots on the phone. Please tell your family, friends, and your co-workers at CBW and the new LAO plant. As you are the lifeblood of your CU, we will do anything for you, beat any offer from someone else, and partner with you as your financial cheerleader.

Wesley W. Shaw
President

Treasurer's Report

The financial position of your credit union continues to be strong. For details, please see the Financial Reports at the back of the report.

Robert Grays
Treasurer of the Board

BrazosCCU – 2020 Annual Report

Annual Audit Report

The annual audit was completed by John Weaver and Associates for the period ending September 30, 2019. As noted in his report, the records and supporting documentation have been found to be in excellent condition. The work was performed in accordance as set forth in Section 715 of the NCUA Rules and Regulations. The ACH, BSA, and general review of the internal controls of the credit union reviews were also reviewed.

Unfinished Business

None.

New Business

None.

Election of Directors

See Ballot.

Adjournment

Meeting Adjourned.

BrazosCCU.org
Balance Sheet as of 12/31/2019

Account Description -----	Current Balance -----	Last Years EOM Balance -----	Last Months EOM Balance -----
LOANS TO MEMBERS			
* TOTAL	\$ 18,219,703	\$ 16,269,394	\$ 17,874,875
ALLOWANCE FOR LOAN LOSSES			
* TOTAL	\$ (171,646)	\$ (111,822)	\$ (135,968)
OTHER RECEIVABLES			
* TOTAL	\$ 1,235	\$ 1,403	\$ 1,279
CASH			
* TOTAL	\$ 1,981,914	\$ 2,137,908	\$ 2,751,654
INVESTMENTS			
* TOTAL	\$ 153,685	\$ 128,386	\$ 153,685
PREPAID EXPENSES AND DEF CHARG			
* TOTAL	\$ 31,192	\$ 25,352	\$ 19,126
FURNITURE, FIXTURES, & EQUIPMENT			
* TOTAL	\$ 320	\$ 844	\$ 369
ACCRUED INCOME			
* TOTAL	\$ 62,890	\$ 48,933	\$ 51,222
BUILDING			
* TOTAL	\$ 113,512	\$ 134,249	\$ 115,210
COMPUTER HARDWARE & SOFTWARE			
* TOTAL	\$ 43,999	\$ 36,943	\$ 45,645
** TOTAL ASSETS	\$ 20,436,804	\$ 18,671,591	\$ 20,877,097
ACCOUNTS PAYABLE			
* TOTAL	\$ 107,121	\$ 188,390	\$ 46,018
DIVIDENDS PAYABLE			
* TOTAL	\$ 5,206	\$ 4,784	\$ 34,007
TAXES PAYABLE			
* TOTAL	\$ 1,659	\$ 762	\$ 437
ACCRUED EXPENSES			
* TOTAL	\$ 85,282	\$ 58,269	\$ 83,928
** TOTAL LIABILITIES	\$ 199,268	\$ 252,204	\$ 164,390
SHARES OF MEMBERS			
* TOTAL	\$ 16,078,194	\$ 14,512,728	\$ 16,542,842
RESERVES			
* TOTAL	\$ 4,159,341	\$ 3,906,659	\$ 4,090,143
** TOTAL LIABILITIES & CAPITAL	\$ 20,436,804	\$ 18,671,591	\$ 20,877,097



Income Statement as of 12/31/2019

Account Description -----	M-T-D Balance -----	Q-T-D Balance -----	Y-T-D Balance -----
INCOME FROM LOANS			
* TOTAL	\$ 103,976.98	\$ 212,867.04	\$ 1,052,555.42
INVESTMENT INCOME			
* TOTAL	\$ 1,672.25	\$ 3,488.21	\$ 39,297.80
FEEES AND CHARGES			
* TOTAL	\$ 17,968.85	\$ 36,975.07	\$ 184,812.81
** TOTAL GROSS REVENUE	\$ 123,618.08	\$ 253,330.32	\$ 1,278,550.18
EMPLOYEE COMPENSATION			
* TOTAL	\$ 29,012.82	\$ 60,935.43	\$ 314,809.51
EMPLOYEE BENEFITS			
* TOTAL	\$ 4,738.12	\$ 11,456.37	\$ 63,736.53
OFFICE OCCUPANCY EXPENSES			
* TOTAL	\$ 3,588.95	\$ 7,177.90	\$ 41,603.68
OFFICE OPERATIONS EXPENSE			
* TOTAL	\$ 17,348.87	\$ 35,441.01	\$ 181,158.55
EDUCATIONAL & PROMOTIONAL EXP			
* TOTAL	\$ 2,692.14	\$ 5,379.28	\$ 26,784.31
LOAN SERVICING EXPENSE			
* TOTAL	\$ 427.62	\$ 597.61	\$ 5,434.87
PROFESSIONAL AND OUTSIDE SERV.			
* TOTAL	\$ 4,120.93	\$ 8,896.49	\$ 53,596.87
PROVISION FOR LOAN LOSSES			
* TOTAL	\$ -	\$ -	\$ 102,785.57
OPERATING FEES			
* TOTAL	\$ 504.16	\$ 1,008.32	\$ 5,034.29
CASH OVER AND SHORT			
* TOTAL	\$ (2.00)	\$ 78.00	\$ 67.00
ANNUAL MEETING EXPENSE			
* TOTAL	\$ 2,366.66	\$ 4,733.32	\$ 26,033.26
DIVIDENDS			
* TOTAL DIVIDEND	\$ 18,146.88	\$ 36,563.77	\$ 184,761.10
MISCELLANEOUS EXPENSE - OTHER			
* TOTAL	\$ (192.38)	\$ 1,340.55	\$ 9,538.64
***TOTAL DIVIDENDS AND EXPENSES	\$ 82,752.77	\$ 173,608.05	\$ 1,015,344.18
NET INCOME OR LOSS	\$ 40,865.31	\$ 79,722.27	\$ 263,206.00

BrazosCCU
Key Ratio Report

Financial Performance Ratios	12/31/2018	9/30/2019	10/31/2019	11/30/2019	12/31/2019	Guidelines
Net Worth	20.74%	20.16%	20.90%	19.97%	20.35%	7.00%
ROAA*	1.58%	1.28%	1.39%	1.41%	1.35%	1.00%
Liquidity(L+>6mo+FA/S+NW)	89.43%	90.40%	92.41%	87.08%	90.81%	93.00%
Loan to Asset	87.13%	87.93%	90.81%	85.62%	89.15%	60.00%
Loan to Share	112.10%	112.83%	116.14%	108.05%	113.32%	80.00%
Loan Growth*	21.62%	12.90%	12.35%	10.77%	11.99%	7.50%
Share Growth*	21.15%	11.96%	7.76%	15.26%	10.79%	7.50%
Delinquency	1.58%	1.21%	1.73%	1.81%	2.21%	1.75%
Charge-Off	0.47%	0.64%	0.62%	0.52%	0.51%	0.75%

*Annualized

Proj. Financial Performance Ratios	12/31/2019
Net Worth	23.00%
ROAA*	0.40%
Liquidity(L+>6mo+FA/S+NW)	93.00%
Loan to Asset	85.00%
Loan to Share	110.00%
Loan Growth*	4.00%
Share Growth*	5.00%

*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.



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The Inner Workings of the Efficiency Ratio

The efficiency ratio is a metric that quantifies how adept a credit union is at utilizing its expenses by measuring how much the credit union has to spend in order to generate a dollar of revenue. Similar to the operating expense ratio, a lower value in this metric is better. Additionally, the multiple variables in the formula provide credit unions with a range of strategic options to influence the ratio's outcome.

The ratio is calculated by taking a credit union's year-to-date operating expense totals and dividing that by the credit union's interest income (minus interest expenses), plus fee income and other operating income. The provision for loan losses is included in this metric. However, some credit unions prefer to calculate an efficiency ratio that does not include the provision for loan losses because of the significant expense in recent years.



2020 Budget Income Statement

Account Description	12/31/2018 Balance	9/30/2019 Balance	Projected EOY 2019	2019 Increase or Decrease	2019 Percent Increase/Decr	Budget 2020	2020 Increase or Decrease	2020 Percent Increase/Decr
INCOME FROM LOANS								
* TOTAL	\$949,290	\$ 839,688	\$1,119,585	\$170,294	17.94%	\$ 1,340,604.24	\$ 221,019.73	19.74%
INVESTMENT INCOME								
* TOTAL	\$16,763	\$ 35,810	\$47,746	\$30,983	184.83%	\$ 30,000.00	\$ (17,746.12)	-37.17%
FEES AND CHARGES								
* TOTAL	\$199,621	\$ 147,838	\$197,117	(\$2,504)	-1.25%	\$ 200,000.00	\$ 2,883.01	1.46%
MISCELLANEOUS INCOME								
* TOTAL	\$8,625	\$ 1,884	\$2,512	(\$6,113)	-70.87%	\$ -	\$ (2,512.20)	-100.00%
** TOTAL GROSS REVENUE	\$1,174,299	\$ 1,025,220	\$1,366,960	\$192,661	16.41%	\$ 1,570,604.24	\$ 203,644.43	14.90%
EMPLOYEE COMPENSATION								
* TOTAL	\$318,832	\$ 253,874	\$338,499	\$19,667	6.17%	\$373,499	\$ 35,000.00	10.34%
EMPLOYEE BENEFITS								
* TOTAL	\$81,760	\$ 52,280	\$69,707	(\$12,053)	-14.74%	\$ 85,000.00	\$ 15,293.12	21.94%
OFFICE OCCUPANCY EXPENSES								
* TOTAL	\$45,549	\$ 34,426	\$45,901	\$352	0.77%	\$ 46,000.00	\$ 98.96	0.22%
OFFICE OPERATIONS EXPENSE								
* TOTAL	\$173,508	\$ 145,718	\$194,290	\$20,782	11.98%	\$ 225,000.00	\$ 30,709.95	15.81%
EDUCATIONAL & PROMOTIONAL EXP								
* TOTAL	\$11,196	\$ 21,405	\$28,540	\$17,344	154.90%	\$ 40,000.00	\$ 11,459.96	40.15%
LOAN SERVICING EXPENSE								
* TOTAL	\$5,483	\$ 4,837	\$6,450	\$967	17.64%	\$ 7,000.00	\$ 550.32	8.53%
PROFESSIONAL AND OUTSIDE SERV.								
* TOTAL	\$62,723	\$ 44,700	\$59,601	(\$3,122)	-4.98%	\$ 70,000.00	\$ 10,399.49	17.45%
PROVISION FOR LOAN LOSSES								
* TOTAL	\$125,976	\$ 102,786	\$137,047	\$11,071	8.79%	\$ 150,000.00	\$ 12,952.57	9.45%
OPERATING FEES								
* TOTAL	\$4,778	\$ 4,026	\$5,368	\$590	12.34%	\$ 5,500.00	\$ 132.04	2.46%
CASH OVER AND SHORT								
* TOTAL	\$96	\$ 11	\$15	(\$81)	-84.73%	\$ 100.00	\$ 85.33	581.82%
ANNUAL MEETING EXPENSE								
* TOTAL	\$28,400	\$ 21,300	\$28,400	\$0	0.00%	\$ 30,000.00	\$ 1,600.08	5.63%
DIVIDENDS								
* TOTAL DIVIDEND	\$108,860	\$ 148,197	\$197,596	\$88,736	81.51%	\$ 250,000.00	\$ 52,403.56	26.52%
MISCELLANEOUS EXPENSE - OTHER								
* TOTAL	\$17,559	\$ 8,198	\$10,931	(\$6,628)	-37.75%	\$ 15,000.00	\$ 4,069.21	37.23%
***TOTAL DIVIDENDS AND EXPENSES	\$984,720	\$ 841,736	\$1,122,315	\$137,595	13.97%	\$ 1,297,098.77	\$ 174,783.93	15.57%
NET INCOME OR LOSS								
	\$189,579	\$ 183,484	\$244,645	\$55,066	29.05%	\$ 273,505.47	\$ 28,860.49	11.80%

BALLOT

BrazosCCU Board of Directors Election Annual Meeting 2020

Position Number	Present Director	Current Term
1	Mr. Matt Jefferson	2018 – 2021
2	Mr. David Montemayor, Jr.	2019 – 2022
3	Mr. Robert Grays	2019 – 2022
4	Mrs. Netta Shingler	2017 – 2020
5	Mr. Chris Green	2017 – 2020

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 these positions is for three-year terms that end in 2023. 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	_____
Mr. Deaton Long	_____
Mr. Gerald Arnold	_____
_____	_____

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.