



BRAZOS COMMUNITY  
CREDIT UNION

2017 Annual Meeting

Brazos CCU – Lobby

Ineos – Chocolate Bayou Works Site

5:15 PM

Tuesday February 21, 2017

[BrazosCCU.org](http://BrazosCCU.org)

# Brazos Community Credit Union – 2017 Annual Report

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## 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 16, 2016;
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 2017; and
14. Adjournment.

## Volunteers and Staff

<b><u>Board of Directors</u></b>	<b><u>Term Expiration</u></b>
David Montemayor Jr., Chairman	2019
Matt Jefferson, Vice-Chairman	2018
Robert Grays, Treasurer	2019
Netta Shingler, Secretary	2017
Chris Green, Director	2017

### **Staff**

Wesley Shaw, President/CEO  
Beverly Martin, Accounting Manager  
Kelli Wiley, Loan Manager  
Ryen Denson, Loan Officer and Collector  
Gloria Caballero, Member Service Representative

### **Nominating Committee**

Earl Leonard  
Felix Briones  
Mike Massey

## 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.

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## **Chairman of the Board's Report**

Welcome to our 2017 annual meeting. I'm honored to be here with you tonight and talk to you about our credit union.

Our credit union is financially sound and is well positioned to serve your financial needs, now, and in the future. In 2016, the Credit Union had the most Net Income since at least 2005. Myself, and all of the other Board Directors focus on protecting the credit union and its members, above all else, when making decisions.

I would like to thank our staff, all of the volunteers on the board, and the Nominating Committee for their contributions to making this past year a successful one. Finally, and most importantly, I want to thank you, our members, for your continued support of our Credit Union.

**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 2017 is to accelerate our members' financial condition, whether that is through paying you higher dividends on your savings and certificate accounts, or charging your less fees and in many cases no fees for account services. BCCU can do everything that a big bank or big credit union can...and FOR LESS. 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! So, take advantage of our services.

2016 was a year of growth for BCCU, as evidenced by growth in net income, total assets, total shares, and total loans.

We will continue to build on our momentum into 2017. Our vision is to accelerate the financial position of our members and the community, whether that is; saving more of your hard earned money, or paying down debt faster.

Other Benefits include; skip a payment once a year, convenience, online banking, debit cards, and tap the equity in the car or house! One way members can help is when given the option to select credit or debit, elect credit. And sign-up for e-statements.

Finally, I want to thank all of you, our members for your continued support of our credit union.

**Wesley W. Shaw**  
**President/CEO**

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## **Treasurer's Report**

The financial position of the credit union continues to be strong. Our Net Worth to Total Assets Ratio, which measures our ability to absorb losses, is 23.84%. It decreased in 2016 from 23.93%; however, it remains well above the national average of just 12.33%<sup>1</sup>. Our Asset Quality at year's end was good which is shown by our Delinquent Loans to Total Loans Ratio of 0.67% (down from 0.16% in 2015), compared to 1.16% for our peers. Our Return On Average Assets (ROAA) Ratio of 1.04% (up from 0.83% in 2015), was higher than our peers, who were at 0.30%.

Total loans increased in 2016 by \$1.6 million, or 14.60%. Total loans now exceed \$12.7 million! More importantly, during 2016 total assets and total shares both increased for the third consecutive year!

<sup>1</sup>Peer group average ratios referred to in the Treasurer's Report were from the 2nd quarter 2016 ratios from Cornerstone CUL data. 4<sup>th</sup> quarter average ratios for the peer group were not available as of the printing of this report.

**Robert Grays**  
**Treasurer of the Board**

## **Annual Audit Report**

The annual audit was completed by John Weaver and Associates for the period ending September 30, 2016. As noted in this 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.

# BALLOT

## **Brazos Community Credit Union Board of Directors Election Annual Meeting 2017**

<b>Position Number</b>	<b>Present Director</b>	<b>Current Term</b>
1	Matt Jefferson	2015 – 2018
2	David Montemayor, Jr.	2016 – 2019
3	Robert Grays	2016 – 2019
4	Netta Shingler	2014 – 2017
5	Chris Green	2014 – 2017

Brazos Community Credit Union 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 Netta Shingler and Chris Green, expire and the election for such positions are for a three-year term that ends in 2020. 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

Netta Shingler	_____
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.**

BCCU  
Balance Sheet as of 12/31/2016

Account Description -----	Current Balance -----	Balance as of 12/31/2015 -----	Balance as of 11/30/2016 -----
LOANS TO MEMBERS			
* TOTAL	\$ 12,702,657.23	\$ 11,084,511.78	\$ 12,878,976.83
ALLOWANCE FOR LOAN AND LEASE LOSSES			
* TOTAL	\$ (30,922.54)	\$ (41,329.84)	\$ (20,772.54)
OTHER RECEIVABLES			
* TOTAL	\$ 1,886.04	\$ 1,174.20	\$ 1,915.44
CASH			
* TOTAL	\$ 259,281.60	\$ 906,890.15	\$ 126,776.82
INVESTMENTS			
* TOTAL	\$ 2,104,942.48	\$ 2,382,067.25	\$ 2,104,942.48
PREPAID EXPENSES AND DEF CHARG			
* TOTAL	\$ 37,967.36	\$ 26,605.21	\$ 19,332.59
FIXED ASSETS			
* TOTAL	\$ 64.00	\$ 64.00	\$ 64.00
ACCRUED INCOME			
* TOTAL	\$ 29,739.42	\$ 28,664.17	\$ 28,668.13
BUILDING			
* TOTAL	\$ 132,646.25	\$ 144,040.60	\$ 132,646.25
COMPUTER HARDWARE			
* TOTAL	\$ 74,373.76	\$ 78,446.42	\$ 74,373.76
<b>** TOTAL ASSETS</b>	<b>\$ 15,312,635.60</b>	<b>\$ 14,611,133.94</b>	<b>\$ 15,346,923.76</b>
ACCOUNTS PAYABLE			
* TOTAL	\$ 19,525.75	\$ 40,839.09	\$ 165,848.68
DIVIDENDS PAYABLE			
* TOTAL	\$ 4,153.88	\$ 2,914.05	\$ 5,780.89
TAXES PAYABLE			
* TOTAL	\$ 597.44	\$ 210.91	\$ 413.62
ACCRUED EXPENSES			
* TOTAL	\$ 45,229.74	\$ 31,936.11	\$ 38,034.11
<b>** TOTAL LIABILITIES</b>	<b>\$ 69,506.81</b>	<b>\$ 75,900.16</b>	<b>\$ 210,077.30</b>
SHARES OF MEMBERS			
* TOTAL	\$ 11,591,965.69	\$ 11,039,033.91	\$ 11,490,815.55
RESERVES			
* TOTAL	\$ 3,651,163.10	\$ 3,496,199.87	\$ 3,612,468.26
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>\$ 15,312,635.60</b>	<b>\$ 14,611,133.94</b>	<b>\$ 15,346,923.76</b>

BCCU Income Statement  
12/31/2016

Account Description -----	M-T-D Balance -----	Q-T-D Balance -----	Y-T-D Balance -----
INCOME FROM LOANS			
* TOTAL	\$ 61,984.87	\$ 184,309.66	\$ 678,501.07
INVESTMENT INCOME			
* TOTAL	\$ 2,490.95	\$ 7,064.33	\$ 29,991.38
FEEES AND CHARGES			
* TOTAL	\$ 12,371.69	\$ 36,268.50	\$ 142,544.81
<b>** TOTAL GROSS REVENUE</b>	<b>\$ 76,847.51</b>	<b>\$ 227,642.49</b>	<b>\$ 851,037.26</b>
EMPLOYEE COMPENSATION			
* TOTAL	\$ 24,684.41	\$ 68,411.02	\$ 263,087.78
EMPLOYEE BENEFITS			
* TOTAL	\$ 5,911.78	\$ 17,313.43	\$ 68,023.20
OFFICE OCCUPANCY EXPENSES			
* TOTAL	\$ 2,105.34	\$ 8,173.38	\$ 35,747.66
OFFICE OPERATIONS EXPENSE			
* TOTAL	\$ 13,737.79	\$ 40,598.42	\$ 161,837.35
EDUCATIONAL & PROMOTIONAL EXP			
* TOTAL	\$ 676.39	\$ 2,049.83	\$ 7,061.77
LOAN SERVICING EXPENSE			
* TOTAL	\$ 259.50	\$ 1,077.78	\$ 4,096.40
PROFESSIONAL AND OUTSIDE SERV.			
* TOTAL	\$ 4,196.48	\$ 13,818.00	\$ 50,377.47
PROVISION FOR LOAN LOSSES			
* TOTAL	\$ 10,000.00	\$ 10,000.00	\$ 9,272.00
OPERATING FEES			
* TOTAL	\$ 362.25	\$ 1,086.75	\$ 4,347.00
CASH OVER AND SHORT			
* TOTAL	\$ 20.00	\$ 21.60	\$ 17.65
ANNUAL MEETING EXPENSE			
* TOTAL	\$ 2,366.66	\$ 7,099.98	\$ 27,399.93
DIVIDENDS			
* TOTAL	\$ 4,600.02	\$ 13,590.45	\$ 45,733.07
MISCELLANEOUS EXPENSE - OTHER			
* TOTAL	\$ 2,794.70	\$ 5,750.21	\$ 19,072.75
<b>***TOTAL DIVIDENDS AND EXPENSES</b>	<b>\$ 71,715.32</b>	<b>\$ 188,947.65</b>	<b>\$ 696,074.03</b>
<b>NET INCOME OR LOSS</b>	<b>\$ 5,132.19</b>	<b>\$ 38,694.84</b>	<b>\$ 154,963.23</b>

Financial Performance Ratios as of 12/31/2016						Industry Goals
Net Worth	23.84%					7.00%
ROAA*	1.04%					1.00%
Liquidity(L+>6mo+FA/S+NW)	98.61%					93.00%
Loan to Asset	82.96%					60.00%
Loan to Share	109.58%					80.00%
Loan Growth*	14.60%					7.50%
Share Growth*	5.01%					7.50%
Delinquency	0.67%					1.75%
Charge-Off	0.17%					0.75%
<i>*Annualized</i>						
Proj. Financial Performance Ratios as of 12/31/2017						
Net Worth	23.91%					
ROAA*	0.16%					
Liquidity(L+>6mo+FA/S+NW)	87.88%					
Loan to Asset	81.44%					
Loan to Share	106.48%					
Loan Growth*	0.00%					
Share Growth*	0.28%					
<i>*Annualized</i>						

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.