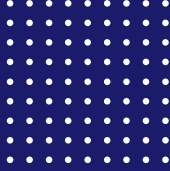




**CONCHO EDUCATORS**

**Federal Credit Union**

*School. Family. Community.*



2023

# ANNUAL REPORT



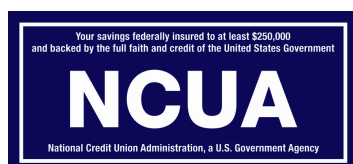
**MARCH 26TH 2024**

6:00PM - 9:00PM

McNease Convention Center

501 Rio Concho Drive

**CEFCU 83RD ANNUAL  
BUSINESS MEETING &  
MEMBER BASH**



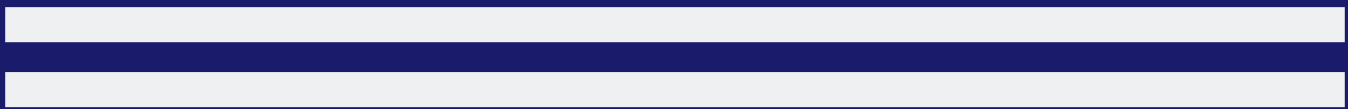


**CONCHO EDUCATORS**

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# 2023 Annual Report Contents



## Annual Report Contents

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# 82nd ANNUAL REPORT MINUTES

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CONCHO EDUCATORS FEDERAL CREDIT UNION  
82nd ANNUAL MEETING  
CORRECTED COPY  
March 9, 2023

The 82nd annual Meeting of Concho Educators Federal Credit Union was called to order at 6:30 pm by Chairman Cheryl McGaughey. The meeting was held at the McNease Convention Center.

Chairman Cheryl McGaughey presented the minutes of the 2022 Annual Meeting Minutes. Greg Pecina made the motion to approve the minutes as presented. Robert Markell seconded the motion. Motion Carried.

Chairman Cheryl McGaughey introduced the members of the Board of Directors

Chairman Cheryl McGaughey introduced the members of the Supervisory Committee

There was a presentation of an award, by Chairman Cheryl McGaughey, to Julia Rogge who has volunteered on the Board at Concho Educators FCU for 39 years and will be retiring after this term. She will be missed.

Chairman Cheryl McGaughey presented the Chairman's Report: Cheryl thanked all the members and guests for attending the 82nd Annual Meeting. Cheryl spoke of how the credit union grew to over \$100 million in assets and with the best loan increase of over 15% for the year 2022. Cheryl spoke of how hard the loan department staff worked even with rising interest rates. Their decisions and hard work kept loan rates as low as possible for the members. In conclusion, Chairman Cheryl McGaughey thanked her fellow Board Members and the members of the Supervisory Committee for their hard work and willingness to serve as volunteers.

President Jerry Merrill welcomed everyone to the 82nd and thanked them for attending. Jerry spoke on how the Credit Union has had continued strong growth in membership and assets at \$101,166.00 at the end of the year 2022. Jerry Spoke of how loans increased from \$48.8 mil to \$56.2 mil representing a 15.26% growth in loans. Jerry also spoke on the membership numbers stating that in 2022 the total membership growth decreased to 7179 with the unduplicated accounts at 6764. here are some of the additional services and updates for the year 2023:

- \*New Visa Cards
- \*Replaced ATMs at Loop 306 and Beauregard
- \*Transferring the MasterCard Debit Card to the Visa Debit Card
- \*Upgrading of the Main Computer Server
- \*Updating the Loop 306 lobby

In conclusion, Jerry Merrill thanked the Board Members and the Supervisory Committee for volunteering their time, He also thanked employees for their professionalism in keeping the credit union growing strong.

Treasurer's Report: Randall Jenkins touched on the treasurer's report and assured members of the credit Unions strong Financial standing.

Supervisory Committee Report: Chairman Cheryl McGaughey gave the Supervisory Committee report stating what their duties are at the credit union stating they are the members that check all the polices and procedures.

Chairman Cheryl McGaughey introduced the nominees for the Board of Directors: Darlene Goode, Randall Jenkins, and Max Puello. Cheryl asked if there were any nominations from the floor. There were none. Wayne Merrill made the motion that nominations cease, and the candidates be elected by acclamation Greg Pecina seconded the motion. Motion Carried.

Chairman Cheryl McGaughey asked if there were any questions from the floor, there were none.

The 82nd Annual Meeting of Concho Educators FCU adjourned at 7:30 pm

# CEFCU BOARD OF DIRECTORS, SUPERVISORY COMMITTEE & STAFF

## CEFCU BOARD OF DIRECTORS

Cheryl McGaughey.....	Chairman
Randall Jenkins.....	Treasurer
Robert Markell.....	Secretary
Max Puello.....	Board Member
Greg Pecina.....	Board Member
Darlene Good.....	Board Member
Eddie Salcido.....	Board Member

## CEFCU SUPERVISORY COMMITTEE MEMBERS

Laura Strube.....	Chairman
Richard Gonzalez.....	Committee Member
Julia Rogge.....	Committee Member
Chad Currie.....	Committee Member
Berta Carrasco.....	Committee Member

## CEFCU EXECUTIVE LEADERSHIP

Jerry Merrill.....	President/Chief Executive Officer
Kathleen Gonzales.....	Senior Vice President/Chief Financial Officer
Saul Torres.....	Vice President of Lending
Amy Angel.....	Vice President of Branch Operations
Ciro Garcia.....	Vice President of Information Technology

## CEFCU BACK OFFICE

Becky Hernandez.....	Senior Loan Officer
Tianna Olivier.....	Loan Processor
Amanda Gonzalez.....	Collector
Travis Johnson.....	Director of Marketing
Joe Huerta.....	Compliance/Internal Audit
Addison Rosson.....	Electronic Services Coordinator
Brittany Martinez.....	Accounting Representative III
Monica Leyva.....	Accounting/Debit Card Specialist
Martha Sevier.....	Account Representative I

## CORPORATE OFFICE - LOOP OFFICE

Elvia Aceves.....	Branch Manager
Sonia Miramontes.....	Member Service
Mariana Quintero.....	Member Service/Teller
Jessica Cortez.....	Head Teller
Daisy Chappa.....	Member Service/Teller
Eric Russell.....	Member Service/Teller

## BEAUREGARD OFFICE

Elva Harness.....	Branch Manager
Vicki Coulter.....	Senior Accountant & Payroll/HR Administrator
Maria Owen.....	Member Service/Teller
Lisa Blanco.....	Head Teller
Jessica Jaime.....	Teller
Rebecca Martinez.....	Teller

## NORTH OFFICE

Brenda Melendez.....	Branch Manager
Brianna Arreosola.....	Teller
Marialinda Trevino.....	Teller
Areli Cedillo.....	Teller
Noemi Charles.....	Teller

# CHAIRMAN'S REPORT

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As the board chairman of Concho Educators Federal Credit Union, I am pleased to report an exceptional performance by the credit union. In 2023, the credit union achieved outstanding results in several important areas.

Financial institutions are measured foremost by their profitability and the credit union showed an impressive result with net income of over \$840,000. This achievement was the result of a strong loan portfolio of both internal loans made as well as smart loan purchases from other credit unions. A high loan-to-asset ratio of almost 60% meant the credit union was taking deposits from members and using them effectively to generate income through solid loan production.

In addition to securing record profits, the management team also maintained a strong capital position with a capital ratio of almost 11%, indicating the ability of the credit union to withstand losses. Federal regulators consider any ratio over 10% to signal a financially strong institution. The credit union also maintained a low delinquency ratio, which reflected the quality of the loan portfolio.

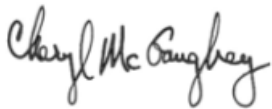
Along with the financial highlights, the credit union also kept working to make improvements for members. A new debit card conversion and a new website were initiated to improve customer service. A branch remodeling of the loop office, which is still ongoing, will make the credit union more accessible and inviting for the members.

As always, the credit union is here to meet the needs of its members and to also be a positive force in the Concho Valley. To that end, the credit union continued its support of educators through its Teacher of the Week program, school supply drive, and distribution of over 5,000 academic calendars across the area.

As chairman, I want to thank the other members of the Board of Directors and Supervisory Committee who freely volunteer their time and talents to benefit all the members of the credit union.

I also want to thank the members who trust Concho Educators to help them successfully navigate the financial landscape. Here's hoping both the members and the credit union have another fruitful year in 2024.

Sincerely,



Cheryl McGauhey  
Chairman

# PRESIDENT'S REPORT

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We welcome you to the 83rd Annual Meeting of Concho Educators Federal Credit Union. I am pleased to announce that once again, your credit union had a very successful year in 2023 as the credit union continues to provide the best financial products and services to the members.

At the close of business on December 31, 2023, the credit union ended up with total assets at \$98.6 million while total loans outstanding grew +4.10% to 58.5 million. 2023 was one of the strongest financial years at the credit union setting a record with a year-end net income of \$843,693 resulting in a 0.84% return on assets. This increase was due to the credit union increasing internal loans as well as loan participation purchases. The net-worth ratio ended up at 10.94%, which reflects the financial strength of the credit union. Total membership ended the year at 7,107 accounts while non-duplicated member accounts ended at 6,690 and total checking accounts at 4,608.

In 2023, the credit union went through a successful debit card conversion which included a brand change from MasterCard to Visa. We also added contactless payment technology for all debit cards to help process transactions quicker while maintaining all security protocols. The credit union also began remodeling the Loop 306 Office to help give it a fresh new look both inside and out.

The primary goal for 2024 is membership growth and spreading the word about the benefits of being a member of Concho Educators Federal Credit Union. We will continue to sponsor many of the local school programs such as the Concho Valley Teacher of the Week, SAISD Teacher of the Year, ASU Athletics, and the San Angelo Stock Show and Rodeo which includes the Extreme Bull Riding event.

Once again, we thank you for being a member of Concho Educators Federal Credit Union and look forward to assisting you in 2024.

Sincerely,



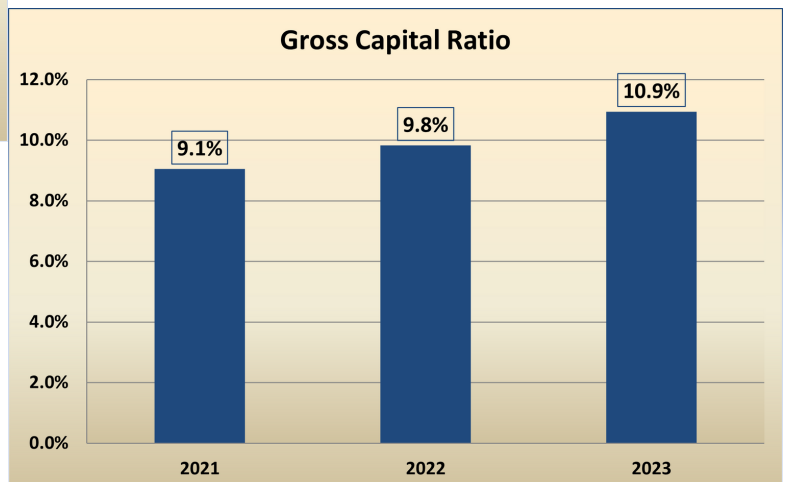
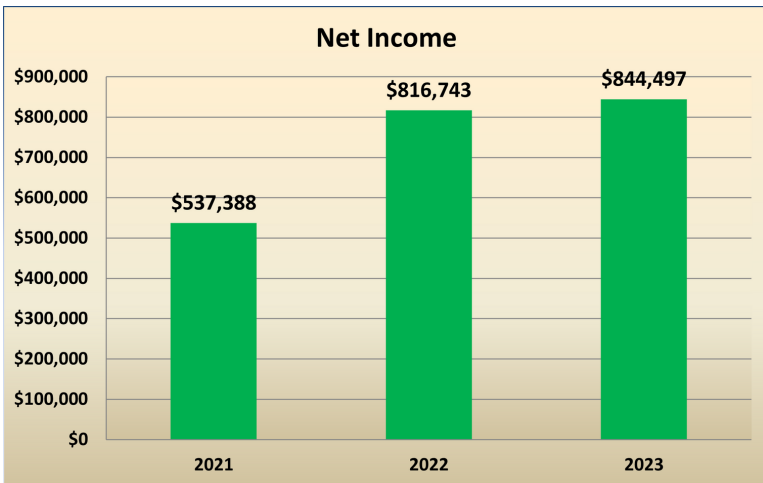
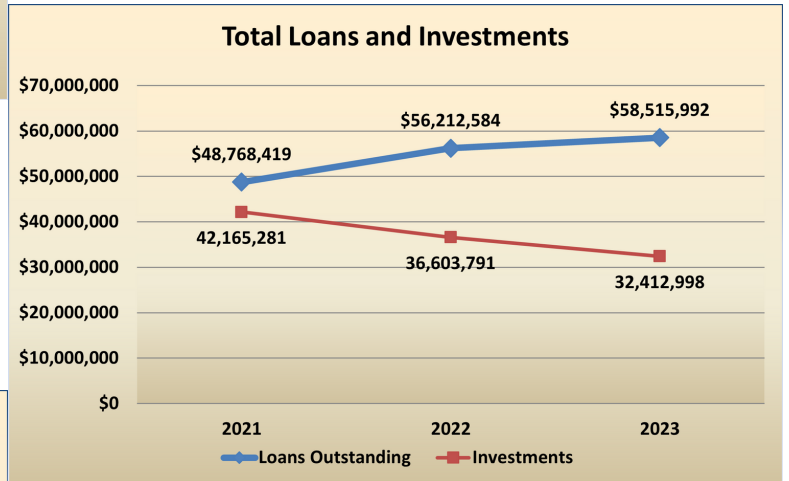
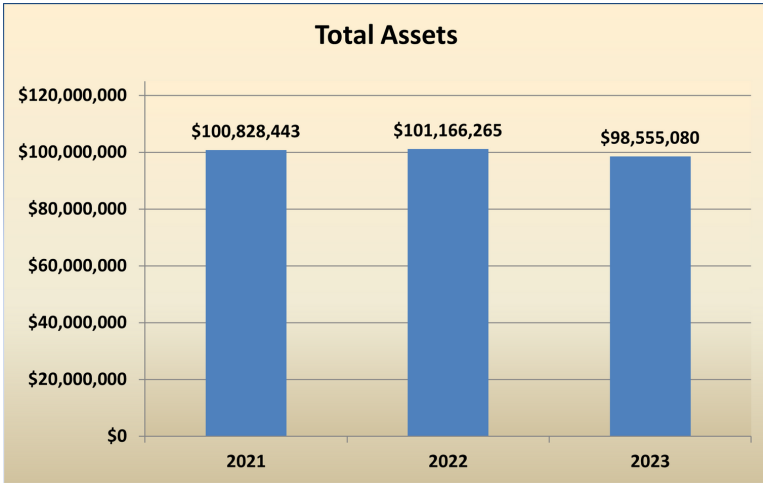
Jerry S. Merrill  
President/CEO

## Concho Educators Federal Credit Union

Statement of Financial Condition - 12/31/2023

<b>BALANCE SHEET</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Total Loans	\$48,768,419	\$56,212,584	\$58,515,992
Allowance for Loan Losses	-\$96,716	-\$113,073	-\$119,220
Cash	4,643,296	3,124,668	3,071,564
Investments	42,165,281	36,603,791	32,412,998
Fixed Assets	1,821,266	1,775,270	1,886,327
Paid In Capital - Catalyst Corp./PSCU	\$155,272	\$155,272	\$159,230
NCUSIF Deposit	\$856,517	\$889,623	\$897,493
Other Assets	2,515,108	2,518,130	1,730,696
<b>TOTAL ASSETS</b>	<b>\$100,828,443</b>	<b>\$101,166,265</b>	<b>\$98,555,080</b>
Total Liabilities	1,668,193	1,974,301	1,268,108
Shares/Drafts/Certificates	90,632,351	93,558,750	91,050,903
Regular Reserves	1,136,559	1,136,559	1,136,559
Gains/Losses on AFS Securities	-597,211	-4,308,639	-4,549,476
Undivided Earnings	7,988,551	8,805,294	9,648,986
<b>TOTAL SHARES &amp; EQUITY</b>	<b>\$99,160,250</b>	<b>\$99,191,964</b>	<b>\$97,286,972</b>
<b>TOTAL LIABILITIES / SHARES / EQUITY</b>	<b>\$100,828,443</b>	<b>\$101,166,265</b>	<b>\$98,555,080</b>
<b>INCOME STATEMENT</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>INCOME</b>			
Interest on Loans	\$1,656,999	\$2,019,010	\$2,801,925
Investment Income	251,199	578,368	725,632
Fee Income	359,221	432,968	410,795
Other Income	900,114	852,215	788,732
<b>TOTAL INCOME</b>	<b>\$3,167,533</b>	<b>\$3,882,561</b>	<b>\$4,727,084</b>
<b>EXPENSES</b>			
Employee Compensation & Benefits	\$1,434,558	\$1,575,171	\$1,734,728
Professional Development	7,234	13,021	36,648
Dues/Subscriptions/Contributions	12,080	31,122	37,384
Office Occupancy & Operations	\$656,928	\$832,698	\$937,706
Marketing	\$79,585	\$101,730	\$122,768
Loan Servicing	\$148,564	\$223,011	\$232,597
Professional & Outside Services	\$96,691	\$127,252	\$155,272
Provision for Loan Losses	\$57,500	\$0	\$69,868
NCUA Operating Fees	\$19,347	\$16,560	\$16,647
Misc. Operating Expenses	\$42,015	\$39,144	\$57,275
<b>TOTAL EXPENSES</b>	<b>\$2,554,502</b>	<b>\$2,959,709</b>	<b>\$3,400,893</b>
<b>INCOME BEFORE DIVIDENDS</b>	<b>\$613,031</b>	<b>\$922,852</b>	<b>\$1,326,191</b>
Non-Operating Income/<Losses>	\$45,083	\$50,042	\$113,620
Gain <Loss> of Student Loans/Investments/Assets	\$65,583	-\$5	-\$1,472
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$110,666</b>	<b>\$50,037</b>	<b>\$112,148</b>
<b>DIVIDENDS</b>	<b>\$186,309</b>	<b>\$156,146</b>	<b>\$593,842</b>
<b>NET INCOME</b>	<b>\$537,388</b>	<b>\$816,743</b>	<b>\$844,497</b>
	<b>2021</b>	<b>2022</b>	<b>2023</b>
Gross Capital	9,125,110	9,941,853	10,785,545
Gross Capital Ratio	9.10%	9.80%	10.90%

# 2023 FINANCIAL REPORT





# TREASURER'S REPORT

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Concho Educators Federal Credit Union had another excellent year in 2023. At the close of business on December 31, 2023, total assets ended up at \$98.5 million while total member shares and deposits were at \$91.1 million. The total loans to members increased by +4.10% from \$56.2 million to \$58.5 million, resulting in a loan-to-asset and loan-to-share ratio of 59.37% and 64.27% respectively.

All federally insured credit unions, such as Concho Educators FCU, are required by the National Credit Union Administration to maintain a minimum 7% capital-to-asset ratio to be considered well capitalized. The capital-to-asset ratio is calculated by dividing undivided earnings and regular reserves by total assets. The capital-to-asset ratio at the end of fiscal year 2023 was well capitalized at 10.94%.

A hallmark of CEFCU is the high quality of our assets, measured in part, by our low delinquency ratio and low net charge-off ratios. At the end of fiscal year 2023, the delinquency ratio was 0.94% while the net charge-off ratio was 0.07%, both well below the credit union peers.

With regards to the income statement, the Credit Union ended up with a gross operating income of \$4,727,09 while the total operating expenses ended up at \$3,400,894. The total dividends paid to members was \$594,545 which resulted in a net income of \$843,742 or 0.84% return on assets.

Respectfully,

Randall Jenkins  
Treasurer

# SUPERVISORY COMMITTEE REPORT

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The Supervisory Committee continues to oversee the overall operations and assets of the credit union and to ensure that policies, procedures, and regulations are being followed. Assignments are performed on a monthly basis at each meeting that consists of internal reviews and scheduled checkpoints. Teller cash counts are also performed on a random basis each month to ensure the credit union's cash operations are properly accounted for.

The Supervisory Committee is made up of five credit union members who are appointed by the Board of Directors. The committee performs various internal reviews on credit union policies and procedures for compliance and high integrity of the credit union. Annual audits of the financial statements and credit union operations are performed by an independent CPA firm while annual examinations are performed by our regulatory agency, NCUA.

This committee is also responsible for ensuring a high level of member satisfaction. Monthly surveys are sent to all new accounts and closed accounts which helps measure the quality of service being provided to the members.

Sincerely,

Laura Strube  
Supervisory Committee Chairman



# BOARD OF DIRECTORS BALLOT

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Concho Educators Federal Credit Union's Nominating Committee has recommended the reelection of two board members for renewal and the election of one new board member. On this page are the candidates up for reelection and the candidates for election, in alphabetical order, by surname. Below you will find the ballot for listing these candidates. There is also an option to nominate a write-in candidate. Please choose three (3) individuals.



**Cheryl McGaughey**



**Robert Markell**



**Jason Skelton**

Here are the Board of Directors candidates listed in order of their photos above. There is also an option to nominate a write-in candidate. Please choose three (3) individuals.

## Please choose three (3) candidates

- Cheryl McGaughey
- Robert Markell
- Jason Skelton
- Write In \_\_\_\_\_

# FEEDBACK

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**Concho Educators Federal Credit Union  
Annual Member Membership Survey  
03/26/2024**

**Thank you for attending our 83rd Annual Meeting and Membership Bash! We ask that you please complete the following membership survey and return it to us at the end of the meeting.**

**Please circle your score (0 = lowest, 10 = highest)**

**1. How would you describe the OVERALL quality of SERVICE provided to you at Concho Educators Federal Credit Union?**

Score: 0 1 2 3 4 5 6 7 8 9 10

**2. How EFFECTIVE do you feel that Concho Educators COMMUNICATES with you about new products, services, updates, and changes?**

Score: 0 1 2 3 4 5 6 7 8 9 10

**3. How WELL do the Credit Union's products and services MEET your current financial needs (checking, savings, certificates, loans, etc)?**

Score: 0 1 2 3 4 5 6 7 8 9 10

**4. With regards to our TECHNOLOGY and digital services (online banking, mobile apps, etc.), how would you rate USER-FRIENDLINESS when using these services?**

Score: 0 1 2 3 4 5 6 7 8 9 10

**5. Do you consider Concho Educators Federal Credit Union as your primary financial institution for doing most of your banking business?**

Yes: \_\_\_ No: \_\_\_ If No, please tell us who you use: \_\_\_\_\_

**What products or services would you like the credit union to offer that are not offered now?**

\_\_\_\_\_