



# CESFCU

**Achieving More Together**

Cooperative Extension Service Federal Credit Union

# 2019

# Annual Report

**CESFCU**

**2301 South University Avenue**

**Little Rock, AR 72204**

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Established September 4, 1946

## **CESFCU Team**

As not-for-profit cooperative financial institutions, credit unions elect officials who volunteer their time and talent to serve the credit union. The credit union Board of Directors and the Credit Committee members are nominated to serve and voted on by the members at the annual meeting.

### **Board of Directors**

BeVerly Sims, Chairperson

Joe Waldrum, Vice Chair

Sherry Funderberg, Treasurer

Judy Riley, Secretary

Amy Heck, Member

### **Supervisory Committee**

Wayne Miller, Chairperson

Elisabeth Phelps, Member

Rebecca Bridges, Member

### **Credit Committee**

JoAnn Fish, Chairperson

Yolanda Harden, Member

Erica Fields, Member

### **CESFCU Staff \***

Tammy Christian, CEO/Manager

Kristen Dickson, Fiscal Support Analyst

Polly Greenbaum, Technical Support

\* Kim Wiedower retired from CESFCU on 12-20-19 and Tammy Christian started with CESFCU on 12-02-19. Kristen Dickson started with CESFCU on 03-02-20.

## Message from Board Chair & Credit Union CEO/Manager

Cooperative Extension Service Federal Credit Union would like to thank its members for all the support and patronage. There was a change in CESFCU Management in December 2019. Kim Wiedower retired effective December 20, 2019 after serving the credit union for 20+ years. She was a valued member of CESFCU and will be missed.

Tammy Christian assumed the role of Credit Union Manager on December 2, 2019. Tammy has 22 years of credit union experience; therefore, she understands the needs and requirements of a credit union. She brings a unique combination of strengths, skills and experiences that will enable her to create real value for CESFCU. She is also energized by being part of an organization that fits well with who she is.

### 2019 Performance

2019 was another successful year for CESFCU. Our assets grew 2.11% from \$4.75 million in 2018 to \$4.85 million in 2019. 2019 ended the year with a strong net worth ratio of 26.58%.

### Looking Ahead

2020 and 2021 will be an opportunity for CESFCU Team to learn and grow. We are looking into the opportunities to improve on our current technology, services, and products. Some of these opportunities will include a new website, new online/mobile banking platform, electronic account opening and lending processes, improved lending rates and terms, and new product offerings .

Our goals are to ensure that CESFCU is accessible to all members and potential members in a venue that is most conducive to their lives making it easier for them to do business with us.

We look forward to the launch of the new platforms late 2020.

Thank you for choosing CESFCU!

BeVerly Sims  
Tammy Christian

# Supervisory Committee Report

The Supervisory Committee members are Beth Phelps, Becky Bridges and Wayne Miller. The Committee met twice in 2019 and individual members of the Committee worked as needed to review the practices, and ensure the books were properly maintained. The attached document shows the list of activities performed by the Supervisory Committee in 2019. The Supervisory Committee also hired Sullivan & Company, P.A. Certified Public Accountants to conduct an official audit of the credit union for 2019. They are currently in the process of conducting the audit.

It is our opinion that your credit union is in sound financial condition and under excellent management. We commend the past and present Credit Union Managers Kim Wiedower and Tammy Christian for doing a good job on your behalf.

## Credit Union Supervisory Committee Activity - 2019

Activity	Frequency	2019			
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Supervisory Committee Meetings	Semi-Annual	7/19/2019		12/12/2019	
<b>Ensure that new member files contain the proper documentation:</b>					
a) Verify proof of identification matches information on new membership form and b) Verify criminal background check was completed	Semi-Annual	Yes		Yes	
Check all Board and Supervisory Committee loan accounts to ensure that all applications, titles and insurance papers are correct.	Semi-Annual	Yes		Yes	
Randomly select ten loan accounts to check and verify that all applications, titles and insurance papers are correct.	Semi-Annual	Yes		Yes	
Review delinquent loan list, including credit card accounts to verify that all possible avenues have been taken to bring the loans out of delinquency.	Semi-Annual	Yes		Yes	
Review financial statement and portfolio of investments to ensure accuracy of statements and that investments are being managed effectively.	Semi-Annual	Yes		Yes	
Check and verify bank reconciliations; one random month and most recent month.	Semi-Annual	Yes		Yes	
Review Certificate of Investments for all CD's to ensure that investment accounts are accurate and backed by Certificates of Deposit.	Semi-Annual	Yes		Yes	
Review non-financial entries (file maintenance report) to ensure no inappropriate changes to loans, i.e. backdating.	Semi-Annual	Yes	Yes	Yes	Yes thru November
Check all Board, Supervisory Committee and office staff accounts to ensure that there is no suspicious / inappropriate activity	Annual				
Verify all share accounts that were closed to ensure correct balance was received	Quarterly	4/12/19	7/9/2019	11/1/2019	1/22/2020
Hire and ensure Auditors are independent and not associated with CES_FCU staff, board and supervisory committee members.	Annual	2019 Audit In Process by Sullivan & Associates, Inc.			

# Credit Committee Report

The Credit Committee meets as needed to review loan requests outside of the Loan Officer's authority as well as to review delinquent reports and Loan Officer reports.

Approvals and Declines:

Year	2019	2018
<b>Number Approved</b>	<b>62</b>	<b>73</b>
<b>Amount Approved</b>	<b>\$605,143.56</b>	<b>\$879,300.00</b>
<b>Number Declined</b>	<b>2</b>	<b>2</b>

# 2019 Financials

Statement of Financial Condition as of December 31, 2019

<b>Assets</b>	<b>2019</b>	<b>2018</b>
Cash & Equivalents	\$1,146,288.90	\$545,949.10
Investments	\$1,099,990.00	\$1,200,000.00
Loans to Members (Net Allowance for Loan Losses)	\$2,551,843.49	\$2,941,236.35
Fixed Assets (Less Accumulated Depreciation)	\$562.79	\$1,225.74
NCUSIF Deposit	\$34,277.46	\$39,506.28
ARCUSO	\$9,046.81	\$9,046.81
Other Assets	\$10,945.88	\$15,548.40
<b>Total Assets</b>	<b>\$4,852,955.33</b>	<b>\$4,752,512.68</b>
<b>Liabilities</b>	<b>2019</b>	<b>2018</b>
Member's Share & Savings Accounts	\$3,526,381.13	\$3,427,745.88
Accounts Payable	\$1,411.26	\$367.09
Other Liabilities	\$34,878.86	\$28,566.62
<b>Total Liabilities</b>	<b>\$3,562,671.25</b>	<b>\$3,456,679.59</b>
<b>Member's Equity</b>	<b>2019</b>	<b>2018</b>
Regular Reserves	\$160,223.84	\$160,223.84
Undivided Earnings	\$1,130,060.24	\$1,135,609.25
Unrealized Gain/Loss on Investments	\$0.00	\$0.00
<b>Total Member's Equity</b>	<b>\$1,290,284.08</b>	<b>\$1,295,833.09</b>
<b>Total Liabilities &amp; Member's Equity</b>	<b>\$4,852,955.33</b>	<b>\$4,752,512.68</b>

## Statement of Income as of December 31, 2019

<b>Interest Income</b>	<b>2019</b>	<b>2018</b>
Loans	\$163,087.45	\$175,277.45
Investments	\$41,263.14	\$28,476.52
<b>Total Interest Income</b>	<b>\$204,350.59</b>	<b>\$203,753.97</b>
<b>Interest Expense</b>	<b>2019</b>	<b>2018</b>
Share & Savings Accounts	\$8,187.31	\$9,036.06
Borrowed Funds	\$0.00	\$0.00
<b>Total Interest Expense</b>	<b>\$8,187.31</b>	<b>\$9,036.06</b>
<b>Provision for Loan Losses</b>	<b>\$265.34</b>	<b>(\$3,363.55)</b>
<b>Net Interest Income (after Provision for Loan Losses)</b>	<b>\$8,452.65</b>	<b>\$5,672.51</b>
<b>Non-Interest Income</b>	<b>2019</b>	<b>2018</b>
Fee Income	\$6,257.40	\$6,838.66
Other Operating Income	\$33,690.42	\$35,729.19
Gain (Loss) on Disposition of Fixed Assets	\$0.00	\$0.00
Other Non Operating Income	\$2,565.00	\$3,089.36
<b>Total Non-Interest Income</b>	<b>\$42,512.82</b>	<b>\$45,657.21</b>
<b>Non-Interest Expense</b>	<b>2019</b>	<b>2018</b>
Compansation & Employee Benefits	\$141,393.46	\$132,562.07
Travel & Conference	\$6,072.45	\$4,703.55
Office Operations Expense	\$19,651.29	\$10,623.90
Loan Servicing Expense	\$42,416.93	\$43,648.52
Professional Outside Services	\$22,036.85	\$10,457.78
Operating Fees	\$4,069.34	\$12,831.72
Miscellaneous Expenses	\$8,319.45	\$7,720.53
<b>Total Non-Interest Expense</b>	<b>\$243,959.77</b>	<b>\$222,548.07</b>
<b>Net Income</b>	<b>(\$5,549.01)</b>	<b>\$21,190.60</b>

## **Nominating Committee**

The Nominating Committee is responsible for reviewing and selecting candidates for the open Board positions. It is their responsibility to nominate at least one member for each vacancy.

### **Nominating Committee**

Priscella Thomas-Scott, Chairperson

Chris Meux, Member

Chelsey Kimbrough, Member

CESFCU's Board of Directors is comprised of volunteers elected by the membership. The Board terms are for three years. At the end of a term, the Nominating Committee will contact the Board member or members whose term is coming to completion to determine if the current Board member or members would be interested in serving an additional term or not. If the current Board member or members would like to the opportunity to serve another term, they will be considered an incumbent and they will be considered for reelection. If the current Board member or members chose to stepdown at the completion of their term, the Nominating Committee will begin the search for a candidate or candidates for the open Board position or positions.

In 2020, there were 2 Board positions coming to completion. The Nominating Committee contacted both incumbents to inquire if they would be willing to serve another 3 years or if they would like to step down. Both incumbents agreed to serving an additional 3 year term. The following incumbents are:

### **Board of Director Incumbents**

Joe Waldron

Amy Heck