



CESFCU

Achieving More Together

Cooperative Extension Service Federal Credit Union

2020

Annual Report

CESFCU

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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 Funderburg, Treasurer

Judy Riley, Secretary

Amy Heck, Member

Supervisory Committee *

Rebecca Bridges, Chairperson

Elisabeth Phelps, Secretary

Bradley McGinley, Member

Wayne Miller

Credit Committee

JoAnn Fish, Chairperson

Yolanda Harden, Member

Erica Fields, Member

CESFCU Staff *

Tammy Christian, CEO/Manager

Kristen Dickson, Fiscal Support Analyst

Polly Greenbaum, Accountant II (WOWN)

* Wayne Miller stepped down as Supervisory Committee Chairperson effective 01-21-2021; Rebecca Bridges, has stepped into the role of chairperson and Bradley McGinley has joined as a member. Kristen Dickson resigned her position with CESFCU in January 2021.

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. 2020 was a very challenging year for everyone including CESFCU. We worked diligently with our members through this challenging period and were able to minimize the risk and loss to CESFCU compared to other financial institutions.

2020 was a very unique year for everyone. We all learned different ways to conduct business and interact. To better assist our members CESFCU worked diligently to improve our electronic access and digital services. In 2020, CESFCU completed:

- Core Database Conversion
 - Online Banking Conversion Including a Mobile App
 - Allowing the ability to transfer within the same membership and to other memberships as well as the ability to transfer to & from other banks.
 - Redesigned the www.CESFCU.org Website (*thanks to Amy Cole and Red Rooster*)
 - Redesigned the CESFCU Logo (*thanks to Chris Meux and the CESFCU Board*) □
- Added Electronic Forms & Electronic Signing Capabilities.

These changes allowed CESFCU to achieve its goal by the end of 2020 to make it easy for the CESFCU members and potential members to do business with us.

Looking Ahead

The CESFCU Team continues to learn and grow. We are actively looking into the opportunities to improve our current technology, services, and products. We are looking at providing small cash withdrawals beginning in July 2021 (the Maximum limit would be \$15.00). Our goals for 2021 is to still 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.

Thank you for choosing CESFCU!

BeVerly Sims, Board Chair & Tammy Christian, CEO/Manager

2020 Performance

2020 was a challenging year for CESFCU. There was a reduction in Total Assets of 2.77% (\$4.85 million in 2019 to \$4.72 million in 2020). There was also a reduction in Total Loans of 10.98% (\$2.57 million in 2019 to \$2.28 million in 2020). However, 2020 ended the year with a strong net worth ratio of 27.21%.

Treasurer's Report by Sherry Funderburg, Board Treasurer

Supervisory Committee Report

The Supervisory Committee members for 2020 were Wayne Miller, Beth Phelps, and Becky Bridges. The Committee met twice in 2020 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 2020.

Supervisory Committee *

Rebecca Bridges, Chairperson

Elisabeth Phelps, Secretary

Bradley McGinley, Member

Wayne Miller

It is our opinion that your credit union is in sound financial condition and under excellent management. We commend Credit Union Manager Tammy Christian and staff for doing a good job on your behalf.

Credit Union Supervisory Committee Activity - 2020

Activity	Frequency	2020			
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Supervisory Committee Meetings	Semi-Annual	August 12, 2020		December 17, 2020	
Ensure that new member files contain the proper documentation: 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, <u>titles</u> 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 <u>CD's</u> 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, <u>i.e.</u> , backdating.	Semi-Annual	Yes	Yes	Yes	Yes
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				12/17/2020
Hire and ensure Auditors are independent and not associated with CES_FCU staff, <u>board</u> and supervisory committee members.	Annual	2020 Audit conducted by Sullivan & Associates, Inc.			

* Wayne Miller stepped down as Supervisory Committee Chairperson effective 01-21-2021.

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.

Credit Committee

JoAnn Fish, Chairperson

Yolanda Harden, Member

Erica Fields, Member

Approvals and Declines:

Year	2020	2019
Number Approved	48	62
Amount Approved	\$736,058.40	\$605,143.56
Number Declined	4	2

2020 Financials

Statement of Financial Condition as of December 31, 2020

Assets	2020	2019	2018
Cash & Equivalents	\$1,026,394	\$1,145,274	\$545,949
Investments	\$1,349,005	\$1,101,005	\$1,200,000
Loans to Members (Net Allowance for Loan Losses)	\$2,268,756	\$2,551,843	\$2,941,236
Fixed Assets (Less Accumulated Depreciation)	\$6,418	\$563	\$1,226
NCUSIF Deposit	\$35,264	\$34,277	\$39,506
ARCUSO	\$9,047	\$9,047	\$9,047
Other Assets	\$23,612	\$10,946	\$15,548
Total Assets	\$4,718,496	\$4,852,955	\$4,752,513
Liabilities	2020	2019	2018
Member's Share & Savings Accounts	\$3,366,553	\$3,526,381	\$3,427,746
Accounts Payable	\$17	\$1,411	\$367
Other Liabilities	\$67,851	\$34,879	\$28,567
Total Liabilities	\$3,434,421	\$3,562,671	\$3,456,680
Member's Equity	2020	2019	2018
Regular Reserves	\$160,224	\$160,224	\$160,224
Undivided Earnings	\$1,123,851	\$1,130,060	\$1,135,609
Unrealized Gain/Loss on Investments	\$0	\$0	\$0
Total Member's Equity	\$1,284,074	\$1,290,284	\$1,295,833
Total Liabilities & Member's Equity	\$4,718,496	\$4,852,955	\$4,752,513

Interest Income	2020	2019	2018
Loans	\$145,788	\$161,665	\$175,277
Investments	\$24,939	\$41,263	\$28,477
Total Interest Income	\$170,727	\$202,928	\$203,754
Interest Expense	2020	2019	2018
Share & Savings Accounts	\$8,799	\$8,187	\$9,036
Borrowed Funds	\$0	\$0	\$0
Total Interest Expense	\$8,799	\$8,187	\$9,036
Provision for Loan Losses	\$2,881	\$265	(\$3,364)
Net Interest Income (after Provision for Loan Losses)	\$11,679	\$8,453	\$5,673
Non-Interest Income	2020	2019	2018
Fee Income	\$6,763	\$7,680	\$6,839
Other Operating Income	\$31,279	\$33,690	\$35,729
Gain (Loss) on Disposition of Fixed Assets	\$0	\$0	\$0
Other Non-Operating Income	\$17,805	\$2,565	\$3,089
Total Non-Interest Income	\$55,847	\$43,935	\$45,657
Non-Interest Expense	2020	2019	2018
Compensation & Employee Benefits	\$132,160	\$141,393	\$132,562
Travel & Conference	\$642	\$6,072	\$4,704
Office Operations Expense	\$15,584	\$16,349	\$10,624
Loan Servicing Expense	\$42,406	\$42,417	\$43,649
Professional Outside Services	\$17,031	\$22,851	\$10,458
Operating Fees	\$12,275	\$11,874	\$12,832
Miscellaneous Expenses	\$1,007	\$3,002	\$7,721
Total Non-Interest Expense	\$221,105	\$243,960	\$222,548
Net Income	(\$6,210)	(\$5,549)	\$21,191

Nominating Committee

The Nominating Committee is responsible for reviewing and nominating candidates for the open Board of Director 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 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 2021, 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. One of the incumbents agreed to serving an additional 3-year term. However, the other incumbent (Judy Riley) has elected to step down. This leaves a vacancy with the Board of Directors. The Board of Directors has made a nomination to fill the vacancy and we will need to confirm and approve the nominee. The incumbent and nominee are as follows:

Board of Director Incumbent

BeVerly Sims

Board of Director Nominee

Erica Fields

Board of Directors

The Board of Directors are responsible for nominating candidates for the Credit Committee. It is their responsibility to nominate at least one member for each vacancy.

Board of Directors

BeVerly Sims, Chairperson

Joe Waldrum, Vice Chair

Sherry Funderburg, Treasurer

Judy Riley, Secretary

Amy Heck, Member

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

In 2021, there was a Credit Committee vacancy created when a Member (Erica Fields) was elected to the Board of Directors. The Board of Directors contacted the nominee to inquire if they would be willing to serve on the Credit Committee for a 3-year term, they agreed. The Board of Directors has made a nomination to fill the vacancy and we will need to confirm and approve the nomination. The nominee is as follows:

Credit Committee Nominee

Chris Meux