



CESFCU

Achieving More Together

Cooperative Extension Service Federal Credit Union

2021

Annual Report

CESFCU

2301 South University Avenue

Little Rock, AR 72204

www.cesfcu.org 501-671-2038

contactcesfcu@uada.edu

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

Amy Heck, Secretary

Erica Fields, Member

Supervisory Committee

Rebecca Bridges, Chairperson

Elisabeth Phelps, Secretary

Bradley McGinley, Member

Credit Committee

JoAnn Fish, Chairperson

Yolanda Harden, Member

Chris Meux, Member

CESFCU Staff

Tammy Christian, CEO/Manager

Tiffany Harris, Fiscal Support Analyst

Polly Greenbaum, Accountant II (WOWN)

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. 2021 was a year to begin rebuilding and recovering from 2020. We worked diligently with our members through these challenges and were able to minimize the risk and loss to CESFCU compared to other financial institutions.

In 2021, CESFCU completed/accomplished:

- Offering small dollar cash withdrawals
- Updated our TransUnion credit report from FICO 04 to FICO 09 to ensure that we are using the best data to make our lending decisions
- Improved our Bank-to-Bank transfers process by reducing transaction time

Looking Ahead

The CESFCU Team continues to learn and grow. We are actively looking into opportunities to improve our current technology, services, and products. In May 2022, we began providing a Single Sign On (SSO) opportunity for members with a Visa card allowing members to access eZCardinfo.com. This beneficial add on allows members to access their Visa transaction history and statements without needing to log into a different site. Additionally in 2020, we are exploring options for improved Savings including, Certificate Specials with special rates as well as Loan specials with special rates and terms.

Our goals for 2022 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

2021 Performance

2021 was a challenging year due to the low-rate environment (low loan rates and low investment rates both creating a reduction of income) for CESFCU. There was an increase in Total Assets of 3.67% (\$4.72 million in 2020 to \$4.89 million in 2021). There was an increase in Total Loans of 1.70% (\$2.28 million in 2020 to \$2.31 million in 2021). 2021 ended the year with a strong net worth ratio of 25.76%.

Treasurer's Report by Sherry Funderburg, Board Treasurer

Supervisory Committee Report

The Supervisory Committee meets at least bi-annually to review accounts, loans, investments, bank reconciliations, financial statements, audits, and NCUA examinations.

Supervisory Committee

Rebecca Bridges, Chairperson

Elisabeth Phelps, Secretary

Bradley McGinley, Member

The Supervisory Committee met twice in 2021: May 1, 2021 & November 18, 2021. The Supervisory Committee duties:

- Ensure new member files contain proper documentation
- Ensure all employee and volunteer accounts/loans are in order
- Ensure new loan files contain proper documentation
- Review/monitor delinquency to for proper collection efforts
- Review Financial Statements for accuracy
- Review bank reconciliations for accuracy
- Review investments for accuracy & proper documentation
- Verify closed accounts by sending letters to members
- Review all audits/assessments and NCUA examination

It is the opinion of the Supervisory Committee that your credit union is in sound financial condition and under excellent management. We commend the CESFCU CEO/Manager Tammy Christian and staff for doing a good job on behalf of the membership.

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 and loan officer reports.

Credit Committee

JoAnn Fish, Chairperson

Yolanda Harden, Member

Chris Meux, Member

Loan Approvals/Denials

Year	2021	2020	2019
Number Approved	58	48	62
Amount Approved	\$923,468.42	\$736,058.40	\$605,143.56
Number Declined	0	4	2

There was a 21.63% increase from 2019 to 2020 and a 25.46% increase from 2020 to 2021. CESFCU continues to assist its members with their borrowing needs.

2021 Financials

Statement of Financial Condition as of December 31, 2021

Assets	2021	2020	2019
Cash & Equivalents	\$809,686.62	\$1,026,394.38	\$1,145,273.90
Investments	\$1,699,015.00	\$1,349,005.00	\$1,101,005.00
Loans to Members (Net Allowance for Loan Loss)	\$2,308,989.93	\$2,268,756.02	\$2,551,843.49
Fixed Assets (Less Accumulated Depreciation)	\$21,915.71	\$6,418.26	\$562.79
NCUSIF Deposit	\$33,665.53	\$35,263.81	\$34,277.46
ARCUSO	\$9,046.81	\$9,046.81	\$9,046.81
Other Assets	\$9,479.92	\$23,611.51	\$10,945.88
Total Assets	\$4,891,799.52	\$4,718,495.79	\$4,852,955.33
Liabilities	2021	2020	2019
Member's Share & Savings Accounts	\$3,595,253.25	\$3,366,553.42	\$3,526,381.13
Accounts Payable	\$515.84	\$16.78	\$1,411.26
Other Liabilities	\$35,694.37	\$67,851.16	\$34,878.86
Total Liabilities	\$3,631,463.46	\$3,434,421.36	\$3,562,671.25
Member's Equity	2021	2020	2019
Regular Reserves	\$160,223.84	\$160,223.84	\$160,223.84
Undivided Earnings	\$1,100,112.22	\$1,123,850.59	\$1,130,060.24
Unrealized Gain/Loss on Investments	\$0.00	\$0.00	\$0.00
Total Member's Equity	\$1,260,336.06	\$1,284,074.43	\$1,295,833.09
Total Liabilities + Member's Equity	\$4,891,799.52	\$4,718,495.79	\$4,858,504.34

2021 Income Statement

Statement of Income as of December 31, 2021

Interest Income	2021	2020	2019
Loans	\$131,614.06	\$145,787.78	\$161,665.09
Investments	\$8,566.59	\$24,939.00	\$41,263.14
Total Interest Income	\$140,180.65	\$170,726.78	\$202,928.23
Interest Expense	2021	2020	2019
Share & Savings Accounts	\$8,578.47	\$8,798.50	\$8,187.31
Borrowed Funds	\$0.00	\$0.00	\$0.00
Total Interest Expense	\$8,578.47	\$8,798.50	\$8,187.31
Provision for Loan Losses	\$4,801.00	\$2,880.51	\$265.34
Net Interest Expense (after Provision for Loan Loss)	\$13,379.47	\$11,679.01	\$8,452.65
Non-Interest Income	2021	2020	2019
Fee Income	\$7,884.11	\$6,762.74	\$7,679.76
Other Operating Income	\$37,626.21	\$31,279.23	\$33,690.42
Gain (Loss) on Disposition of Fixed Assets	\$0.00	\$0.00	\$0.00
Other Non-Operating Income	\$24,129.11	\$17,805.39	\$2,565.00
Total Non-Interest Income	\$69,639.43	\$55,847.36	\$43,935.18
Non-Interest Expense	2021	2020	2019
Compensation & Employee Benefits	\$109,826.05	\$132,160.41	\$141,393.46
Travel & Conference	\$2,002.07	\$641.66	\$6,072.45
Office Operations Expense	\$23,441.74	\$15,583.96	\$16,348.93
Loan Servicing Expense	\$44,640.22	\$42,405.74	\$42,416.93
Professional Outside Services	\$29,420.71	\$17,031.40	\$22,851.47
Operating Fees	\$9,876.91	\$12,274.76	\$11,874.17
Miscellaneous Expenses	\$971.28	\$1,006.85	\$3,002.36
Total Non-Interest Expense	\$220,178.98	\$221,104.78	\$243,959.77
Net Income	(\$23,738.37)	(\$6,209.65)	(\$5,549.01)

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

Jesse Bocksnick, 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 2022, there is one Board position coming to completion. The Nominating Committee contacted the incumbent to inquire if they would be willing to serve another 3-years or if they would like to step down. The incumbent agreed to serving an additional 3-year term. The incumbent is as follows:

Board of Director Incumbent

Sherry Funderburg

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

Amy Heck, Secretary

Erica Fields, 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 were two Credit Committee positions coming to completion. The Board of Directors contacted the incumbents to inquire if they would be willing to serve on the Credit Committee for a 3-year term, they agreed. The incumbents are as follows:

Credit Committee Incumbents

JoAnn Fish, Chairperson

Yolanda Harden, Member