



San Angelo Federal Credit Union
84th Annual Membership Meeting
April 28, 2023

Report packet includes:
2022 Annual Meeting Minutes
Board of Director Report
President Report
Supervisory Committee Report
Credit Committee Report
Nominating Committee Report
2022 Financial Summary



We're small enough to
know your name, but...

we're big on **YOU**

San Angelo Federal Credit Union
Board of Directors Annual Meeting
Friday, April 29, 2022

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A special meeting of the San Angelo Federal Credit Union Board of Directors was held on Friday, April 29, 2022 for the 83rd Annual Membership Meeting at the Credit Union office. For the member appreciation day, the members enjoyed lunch provided by Richie's Hibachi with a parking lot picnic. Board members present were Brandon Sanders, Javier Barrera, Chip Sayers, and Deb Michalewicz. Board members Monica Schniers, Tina Dierschke, and Mason Matthews was absent. President, Laura Whisenhunt was also present. Supervisory Committee members present were Ron Lewis and Pete Madrid Jr. Ms. Michalewicz was appointed as Acting Secretary.

Mr. Sanders called the meeting to order at 12:06 pm.

New Business. The board members reviewed annual meeting report packet (attachment a).

Ms. Whisenhunt counted the member votes for the election of officers. A total of 99 votes were in the affirmative to re-elect Brandon Sanders and Deborah Michalewicz as returning Board members for a three-year term.

Mr. Sanders reviewed the current Board officers. Mr. Lewis made a motion to elect the existing slate of officers as they have agreed to serve in their respective positions. Mr. Barrera seconded the motion. Motion carried.

The 2022 Board Officers are as follows:

Chairman – Brandon Sanders

Vice Chairman – Chip Sayers

Secretary – Monica Schniers

Treasurer – Tina Dierschke

The Board members discussed liaison for committees; Brandon Sanders agreed to remain as BOD liaison for the Credit Committee and Javier Barrera agreed to remain as BOD liaison for the Supervisory Committee.

Roundtable. The Board complimented the staff on a job well done for the annual meeting in conjunction with a member appreciation day. The membership enjoyed the lunch and comradery visiting with other members during the parking lot picnic.

Adjournment. Mr. Sanders made a motion to adjourn the meeting, and Mr. Lewis seconded the motion. Motion carried. Mr. Sanders adjourned the meeting at 12:43 pm.


Door Prize drawing was held at 3 pm via FaceBook live.

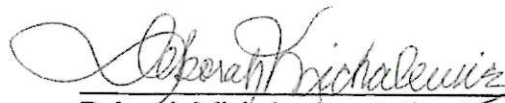
Ten members won \$25 cash prize: P. Brody, J. Duncan, T. Mack, K. Owens, J. Jaimes, K. Halfmann, D. Munoz, J. Shelton, D. Carter, R. Munoz.

Five members won \$50 cash prize: S. Tucker, C. Soto, R. Umfrid Jr, M. Hoelscher, and C. Netz. The \$100 cash prize winner was M. Nieto.

Six non-cash prize winners were: S. Garcia won the Botella Serving Board, R. Englert won the Vera Bradley 4pc market tote set, W. Gebben won the 5 pc Beverage set, Ivon Reveles won the Lunch cooler bag w/ 6 containers, E. Orrosquieta won the Overnight Duffle bag, and S. Tucker Jr won the Amazon Echo Dot and Smart LED light bulb.

Respectfully Submitted,


Brandon Sanders, Chairman


Deborah Michalewicz, Acting Secretary

Board of Director's Report

On behalf of the Board of Directors, thank you for being members and owners of San Angelo Federal Credit Union. I would also like to thank my fellow board members for their dedication to our credit union. United in leadership, we are responsible for ensuring SAFCU has a capable, qualified, and transparent management team; without hesitation, I can assure you we do. The strength of the entire team's commitment is integral to our long-term well-being, sustainability and prosperity.

In addition to establishing policies and ensuring that SAFCU adheres to pertinent laws, regulations, and sound business practices, we are also charged with making sure new products and services are developed as needed.

As we continue to adjust to a post-pandemic world, SAFCU performed quite well in 2022. Though the credit union needs to make a profit to keep the doors open, our sole interests are our members' interests. When we can, in keeping with our credit union mission, we will distribute profits back to you. With the continued success of our credit union, we can offer the financial products and services that help enhance your life, improve our delivery channels, and expand our community outreach.

- Even though we didn't show membership growth, our assets increased by \$3 million - which is one of the primary indicators of how well our members are receiving the products and services we offer. Our membership declined slightly, and our current assets stand at \$36,899,993;
- Loan demand increased by 18%. This reflects the competitive rates SAFCU is able to offer our members, despite the upward trend in interest rates. Although charged off loans slightly increased, delinquencies remained low at 0.32%. This is a reflection of your strong commitment to honor your financial obligations;
- We target particular segments of our community where we can make the greatest impact. Helping with financial literacy and the account management for our members who are most vulnerable is one way we can do that - we loaned \$42,278 to members who utilized our Lifesaver loans, as an alternative to payday lending;
- We want to offer better resources that allow us to focus more attention on our members using the safest, most secure, and most convenient technology available - we continue to offer our members an electronic signature option to help members complete their loan documents. Members enjoy the ease and convenience of all our online services to stay connected to their account. Mobile app users increased from 724 in January 2022 to a total of 792 by year end;
- As a financial cooperative, one of our priorities is to actively engage in organizations that support institutions like us. Our membership with the Cornerstone League, our regional credit union association, allows us to benefit from the advocacy, education, tools, and resources that are designed to support our endeavors, and, by extension, YOU – our members.

Our volunteer Board of Directors is a diverse group of talented individuals with a broad range of financial and managerial expertise, who are dedicated to the overall success of SAFCU.

The last several years have presented many changes and challenges, and as we've adapted, together we have proven that we are more than capable of facing any new challenges and opportunities we may encounter in 2023.

Sincerely,

Brandon Sanders

Board of Directors

Brandon Sanders, Chairman
Chip Sayers, Vice Chairman
Tina Dierschke, Treasurer
Monica Schniers, Secretary

Javier Barrera, Member
Mason Matthews, Member
Deborah Michalewicz, Member

President's Report

As you know, the credit union industry is unique in its structure. Our members are also our owners, and we are accountable to YOU! Being informed on our current state of affairs so that you can make intelligent choices benefits us all; we appreciate you taking the time to take an active role in your Credit Union.

Since the start of the pandemic, members have recognized and valued the credit union difference, and have appreciated the ways their credit unions have helped them through these past several years with fewer disruptions. And, with the recent collapse of Silicon Valley Bank, we want to reassure YOU about the safety and soundness of your Credit Union as member-owned financial cooperative. SAFCU was chartered 84 years ago, and we are committed to serving YOU! We hope the technical advancements we have made will help you feel confident about the security of your money and your ease of access to it. As a Federally insured credit union with NCUA, your deposits are protected and insured up to \$250,000 per individual depositor. Credit Union members have never lost a penny of insured savings. That is our first priority – YOUR financial success.

Since our credit union's founders opened for business in 1939, we've grown from 56 members to 3,922, and our assets have grown from \$200 to \$36,899,993. We are proud of how far we've come, and I know our many accomplishments would not have been possible without the ongoing energy, optimism, commitment, and servant hearts of everyone involved in the operation of our credit union. Because of the work we've all done together, SAFCU is doing very well, despite the pandemic and certain lingering economic challenges.

San Angelo Federal Credit Union can report a profit of \$368,643 for 2022. We remain a strong credit union with an overall net worth ratio of 8.32% (total capital/total assets). We are proud to continue supporting our community by participating in the following 2022 activities:

- Sponsor the West Texas Longhorn Association at the San Angelo Stock Show and Rodeo
- Support our City of San Angelo and Tom Green County employee appreciation days
- Participate in "Halloween at the Y" and distribute candy & SAFCU prizes to the community
- For our Christmas project, SAFCU employees fulfilled wish lists for four children from the Children's Advocacy Center "Christmas for Kids" program, adopted a Family of Five from the Family Shelter, and fulfilled 8 wishes from Meals for the Elderly. We are also thankful for the many member donations that came in to also support these three local charities!

Meeting the challenges presented by our current economy, political landscape, infrastructure, and environment head on, and working to continue to embrace new technologies that serves our members and our community is a top priority for SAFCU. We are YOUR credit union, here to serve YOU, our members, and we couldn't do it without your input and involvement! YOU are integral to our Credit Union's success, and we are sincerely grateful that you have chosen SAFCU as your financial partner. We will continue to explore innovative products and service solutions to enhance your financial life. Our dedicated employees embrace our values and goals and deliver excellent member service. We wish you a healthy and prosperous 2023!

Sincerely,
Laura Whisenhunt

San Angelo Federal Credit Union Staff:

Laura Whisenhunt, President	Julia Tibbals, Accounting Manager
Patti Hunt, Vice President of Lending	Billie Jo Tracy, Teller
Karen Collins, Loan Supervisor	Maresha Johnson, Teller
Tonya Virtue, Loan Officer	Raquel Biera, Teller
Brianna Aguirre, Member Service Representative	Rosy Martinez, Teller
Dana Garcia, Loan Assistant / Loan MSR	

Supervisory Committee Report

The Supervisory Committee is the audit committee, with the primary responsibility to determine the credit union is soundly managed and the members' assets are safeguarded. The basic responsibilities of the Supervisory Committee are spelled out by the National Credit Union Administration (NCUA), the federal agency that regulates all federally chartered and federally insured credit unions. In general, the committee is constituted to act as an independent body to monitor and evaluate the quality of the credit union's finances, operations, and decisions. The members of the Supervisory Committee are appointed by the Board of Directors.

The annual 2022 Supervisory Committee Audit was conducted by WayPoint Financial Services. Additional audits of credit union records are required to ensure that we are in compliance with the Bank Secrecy Act (BSA), Customer Identification Program (CIP), Office of Foreign Assets Control (OFAC), Automatic Clearing House (ACH), and Anti-Money Laundering (AML). The auditors may have recommendations for the Supervisory Committee and the Board of Directors to assist the credit union in complying with NCUA rules and regulations, along with internal controls for SAFCU policies. Credit Union Resources, Inc. performed the member account verification for member's March 31, 2022 statements. We ask you to contact the Supervisory Committee if, at any time, you discover any account discrepancies. Please notify SAFCU when you move to a different address or change phone numbers, so we can successfully reach you to avoid delays or problems. The Supervisory Committee selects a random sample each month to contact members from new accounts, closed accounts, and paid off loans. We also perform regular surprise cash verification with the tellers, as well as audit a random sample of address changes and new loans.

The National Credit Union Administration (NCUA) exam was effective 12/31/2022, which monitors major risk and regulatory compliance areas of the credit union. Overall, SAFCU's transaction, credit, interest rate, liquidity, strategic, compliance, and reputation risks are low to moderate and remain unchanged. We are proud to report SAFCU experienced no data breaches in 2022, and we continue to ensure that your data remains secure.

The Board of Directors, the staff, and all the committees work diligently to help achieve the strategic goals and standards set forth for the credit union each year. We strive to give the highest quality of service that we, as member volunteers, can provide to see that you, our member, receive the very best at San Angelo Federal Credit Union.

Sincerely,

Ron Lewis

2022 Supervisory Committee Members

Ron Lewis, Chairman
Judy Martin, Secretary
Stephanie Collins, Member

Victor Hassell, Member
Pete Madrid Jr, Member
Javier Barrera, Board Liaison

Credit Committee Report

During 2022, SAFCU realized 18% loan growth. The loan portfolio increased by more than \$3M. Our dedicated Credit Committee navigated through 445 member applications that did not meet policy criteria and were able to grant approval on 281 of those applications which translates to a 63% approval rating.

Consumer confidence appears to have recovered despite empty dealerships and inflated used vehicle prices. The loan officers worked diligently to keep both the member's and the credit union's best interest in mind regarding the vehicle prices far exceeding vehicle value; this required careful valuation along with weighing risk to find a healthy balance. The credit union is confident that we have a robust loan portfolio with minimal instances of negative equity. The amount of charge-offs and delinquency ratio slightly increased, however, SAFCU is well below the 0.61% average consumer default rate, based on peer Credit Unions, as of December 2022.

We foresee a change in the financial economy with an increase in interest rates, and a volatile stock market. Mortgage lending is showing a decline due to rate hikes as well. The Loan Department continues to make the necessary adjustments to ensure that SAFCU remains strong for our members during these uncertain times, and we have every intention of riding the wave out!

SAFCU is blessed to have all of YOU.... members, volunteers, and staff!

The following table compares:	<u>2021</u>	to	<u>2022</u>
Number of loans approved	1,440		1,742
Amount of loans approved	\$ 9,074,980		\$ 12,640,468
Outstanding loan balance	\$ 18,234,679		\$ 21,591,520
Income from loans	\$ 885,107		\$ 915,590
Delinquency Ratio	0.16%		0.32%
Loan / Asset Ratio	53.90%		58.50%
Charge Offs	\$11,380		\$28,540

Sincerely,

Victor Vasquez

Credit Committee Members

Victor Vasquez, Chairman
Tony Meza, Secretary
Pat Organ, Member

Tony Hill, Member
Dennis Urbantke, Member
Brandon Sanders, Board Liaison

Nominating Committee Report

Per the Bylaws and Elections Rules Policy, the following names and bios were received from the SAFCU Nominating Committee for the election of members to your SAFCU Board of Directors:

Javier (Harvey) Barrera

Javier, better known as “Harvey”, retired from the San Angelo Police Department after 27 years in 2013. He holds a Master Peace Officer Certification. In 2015, he went back to work. He is currently an Investigator with the Domestic Violence Unit with the Tom Green County Attorney’s office. He is also a Member of the Texas District County Attorney Association (TDCAA) for 7 years.

Harvey is married to Sylvia, and they reside in San Angelo.

Harvey has been a member of San Angelo Federal Credit Union since 1986. He became a member of the Board of Directors in 2016, and is seeking re-election for a three year term.

Tina Dierschke

Tina received a Bachelor’s Degree in Accounting and is a Certified Public Accountant. She started working for the City of San Angelo in 2013 and is the Finance Director.

She also serves as the Treasurer for the Fireman's Pension, and COSA Development Corporation. She graduated from Leadership San Angelo in 2022.

Tina is married to Kevin, and they reside in San Angelo with their children and grandchildren.

Tina has been a member of the San Angelo Federal Credit Union since 2014. She also became a member of the Board of Directors, and has served as the Board Treasurer since 2014. Tina is seeking re-election for a three year term.

Mason Matthews

Mason has worked for the San Angelo Fire Department since 2009. On his days off, he also works for the Sonora EMS for the past 9 years. He is passionate about being a fireman and EMT; he shares his knowledge and teaches CPR classes to high school and college students.

Mason attended Sul Ross and Hardin Simmons University. Mason is currently the President of San Angelo Firefighter Association, and serves on SAFD Political Action Committee. He serves on the Safety City Board, as well as teaches at Safety city. He is a Member of the Board for the Firefighter Games. And, he coordinates the MDA Fill the Boot campaign.

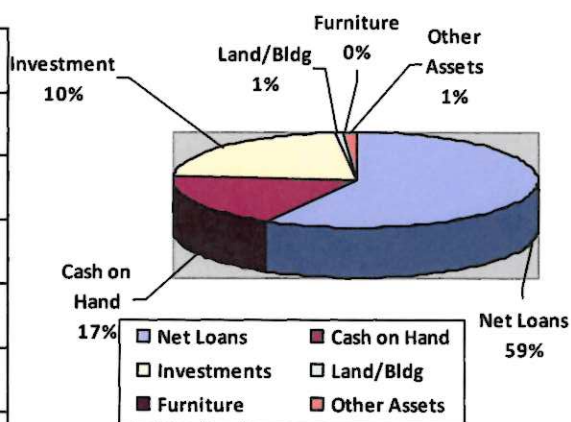
Mason is married to Brenna, and they have a five yr old daughter. They attend Paul Ann Baptist Church. He also plays competitive baseball.

Mason has been a member of the San Angelo Federal Credit Union since 2011. He became a member of the Board of Directors in 2020, and is seeking re-election for a three year term.

Statement of Financial Condition for 2022

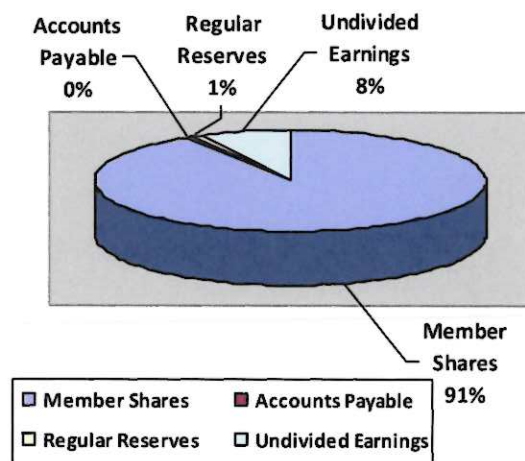
Assets:

Net Loans to Members	\$21,568,110.84
Cash on Hand	\$6,417,885.34
Investments	\$8,243,411.18
Land and Building	\$247,270.71
Furniture and Equipment	\$24,233.77
Other Assets	\$399,081.01
Total Assets	\$36,899,992.85



Liabilities and Capital:

Member Shares	\$33,610,710.07
Accounts Payable	\$157,244.71
Regular Reserves	\$357,773.69
Undivided Earnings	\$2,774,264.38
Total Liabilities & Capital	\$36,899,992.85



Distribution of Income:

Total Gross Income	\$1,542,891.61
Operations	- \$1,134,526.35
Dividends	- \$39,721.81
Net Income	\$368,643.45

Prepared by Julia Tibbals
SAFCU Accounting Manager