

70th

**ANNUAL
MEMBERSHIP
MEETING**



Agenda

I.

Welcome and Invocation

II.

Assertion of a Quorum

III.

Approval of Minutes

IV.

Chairman's Report

V.

Treasurer's Report

VI.

Auditor's Report

VII.

Unfinished Business

VIII.

New Business

IX.

Election of Directors

X.

Adjournment

REPORT OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

We are pleased to report that 2018 was another excellent year for Texell Credit Union. Texell ended the year with a net income of just under \$4 million. Total assets grew 7% to \$355 million, and our net worth ratio was 11.21% at year end. This is well above national and state regulators' minimum of 6%. For the first time in Texell's history, we attained a 100% loan-to-deposit ratio. This is an indicator that Texell is fulfilling its mission as a credit union – to lend money to its members.

Texell welcomed 6,486 new members and was approved for two charter expansions in 2018. Texell now serves anyone who lives, works, worships or attends school in Williamson County, Texas and all Texas residents who are members of or wish to join the Texas Consumer Council. We also introduced a new checking account specifically designed for teens in 2018. The thrive Checking Account offers teens the convenience of a debit card and mobile deposit, while it offers parents the ability to easily monitor the account.

In 2018, we strategically focused on improving our self-service channels. In September, we introduced a new e-Branch Home Banking platform. In addition to being more user-friendly, the new platform gives members more self-service options, such as transfers from other financial institutions. Texell's Mobile Banking was also enhanced with Bill Pay and the ability to check in for a lobby visit right from your phone. Member response to Mobile Banking has been fantastic, with the app receiving high marks in the Apple Store and Google Play, with a 4.4 and 4.6 out of five-stars, respectively. Texell also implemented the ability for members to send the credit union a text message. Now members can easily and conveniently get answers to their questions and apply for a loan, all through a simple text message. Due to the success and high adoption rates of Mobile Banking, Text Banking was decommissioned in 2018. Member use of this service channel steadily declined since its peak in 2012, and it was no longer cost-effective to offer this service.

We continue to make Central Texas a better place through Texell Serves. Texell Serves encourages our team members to get hands-on and make a difference in the communities where our members live, work and play. In 2018, Texell employees provided 1,874 meals to Feed My Sheep. Our employees also helped save 114 lives at blood drives benefitting Baylor Scott & White and Carter Blood Center. We provided 227 Central Texans with financial education, and donated our time and talents to Habitat for Humanity and The Caring Place. In all, our team volunteered 330 hours to the communities we serve.

Finally, we would like to recognize George Ferretti for his service to the credit union. George will be retiring in 2019 after six years as Chief Financial Officer. He has been instrumental in Texell's success and financial stability during his tenure.

On behalf of the Board of Directors, management and staff, we thank you for your continued trust and confidence in Texell Credit Union.

Sincerely,



Van Miller
Chairman



Tony Hale
President and Chief Executive Officer

Independent Auditor's Report

October 9, 2018

To the Board of Directors of
Texell Credit Union

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Texell Credit Union and its subsidiary, which comprise the consolidated statements of financial condition as of June 30, 2018 and 2017, and the related consolidated statements of income, comprehensive income, members' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Texell Credit Union and its subsidiary, as of June 30, 2018 and 2017, and the results of their operations and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Doeren Mayhew

Doeren Mayhew
Miami, FL

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Board of Directors

Dr. Van Miller – Chairman
TERM EXPIRES 2021

Dr. Bill Cornelius – Vice Chairman
TERM EXPIRES 2020

Dan Maresh – Treasurer
TERM EXPIRES 2019

Dan Bowen
TERM EXPIRES 2019

Ken Gaby
TERM EXPIRES 2020

Chris Moore
TERM EXPIRES 2019

Joe Palmer
TERM EXPIRES 2021

Dr. Lynn Eaton-Jones
ADVISORY DIRECTOR

Sue McMillin
ADVISORY DIRECTOR

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COMPENSATION 2018-2019:

Chair - \$180 per meeting, not to exceed \$2,340 annually.

Board Member - \$150 per meeting, not to exceed \$1,950 annually

Executive Management

Tony Hale
PRESIDENT/CHIEF EXECUTIVE OFFICER

Amy Merriman
CHIEF OPERATING OFFICER

George Ferretti, CPA
CHIEF FINANCIAL OFFICER

Anthony Rodgers
GENERAL COUNSEL

Mary Ann Nickolai
VICE PRESIDENT, MARKETING

Richard Silvers
VICE PRESIDENT, TECHNOLOGY INNOVATION



BAUER FINANCIAL RATING

Products & Services

At Texell, we make your life simple with savings, investment, checking, loan, insurance and convenience products that meet your financial needs. Take a look!

LOANS

- New and Pre-Owned Auto Loans
- Car Buying Service, powered by TrueCar®
- Conventional Mortgage Loans
- FHA Mortgage Loans
- VA Mortgage Loans
- Home Equity Loans
- RV Loans
- Boat Loans
- Motorcycle Loans
- Personal Loans
- Credit Cards

CHECKING

- Choice Checking Accounts – **FREE**
- Choice Plus Checking Accounts
- Choice Advantage Checking Accounts
- Fresh Start Checking Accounts
- thr!ve Teen Checking Accounts – **NEW**
- Business Checking Accounts
- Health Savings Accounts

SAVINGS + INVESTMENTS

- Savings Accounts
- Money Market Accounts
- Term Share Certificates (CD)
- Individual Retirement Accounts
- Dollar Squad Kids' Club
- cha-ching! Teen Club

CONVENIENCE

- e-Branch Home Banking
- e-Branch Bill Payment
- Mobile Banking
- e-Statements
- VISA® Bonus Check Cards
- Texell World ATMs
- ANDI – automated telephone system

ADDITIONAL SERVICES

- Notary Services
- Wire Transfers

INSURANCE

- Home
- Auto
- Renter's
- Life – **NEW**
- Long-term care – **NEW**
- Travel
- Pet
- Wedding

Total Members 2018: 39,846

689 increase from previous year

Texell.org
TexellHomeLoans.com
TexellFinancial.com



Treasurer's Report

12/31/18

Assets

Total Loans	\$ 307,524,272
Allowance for Loan Loss	(4,990,930)
Cash/Investments	32,349,290
Fixed Assets	12,516,805
Other Assets	7,623,762
TOTAL ASSETS	\$ 355,023,199

Liabilities & Equity

Accounts Payable	\$ 4,161,454
Total Deposits	308,352,603
Other Liabilities	2,732,224
Regular Reserves	1,400,922
Undivided Earnings	38,388,286
Unrealized Investment Gains	(12,289)
TOTAL LIABILITIES AND EQUITY	\$ 355,023,199

Income Statement

Interest on Loans	\$ 14,345,385
Income from Investments	299,553
Other Income	11,886,119
TOTAL INCOME	26,531,057

Operating Expenses	20,520,768
Total Dividends	2,083,500
TOTAL EXPENSES	22,604,268

Extraordinary Gains	-
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NET EARNINGS	\$ 3,926,789
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Loans & Dividends

Total Loans made in 2018 - 12,745	\$ 153.3 million
Dividends paid to members since 1948	\$ 50.18 million
Loans made to members since 1948	\$ 1.49 billion