



# *2011 Annual Report*



*Welcome to your financial home.*

# ANNUAL MEETING AGENDA - APRIL 21, 2012

## PURSUANT TO SECTION 3.03(D) COMMUNITY SERVICE CREDIT UNION BYLAWS

1. Invocation
2. Ascertainment of Quorum
3. Welcome and Introductions
4. Appointment of Recording Secretary
5. Approval of Minutes of 2011 Annual Meeting
6. Report of the Board of Directors by Mike Turner,  
Chairman of the Board

7. Report of the President by Brenda Hooker, Chief  
Executive Officer
8. Unfinished Business
9. New Business, other than election of directors
10. Report from the Nominating Committee and  
Election of Directors
11. Adjournment
12. Drawing for Door Prizes

## MINUTES

### OF THE 2011 ANNUAL MEETING OF COMMUNITY SERVICE CREDIT UNION

The Annual Meeting of the members of Community Service Credit Union was called to order by the Chairman of the Board, Mr. Mike Turner, Saturday, April 16, 2011, at 10:00 a.m. in the Conference Room at the Texas Prison Museum after determination that a quorum was present. Ms. Lisa Byrd was appointed Recording Secretary.

Mr. Turner introduced the Board of Directors, Staff, special guests and welcomed everyone to the 57th Annual Meeting of Community Service Credit Union. Mr. Turner also recognized the departure of Mr. Don Costilow from the Board in 2010 who served as a director and Chairman of the Board of CSCU for thirty years.

Mr. Turner asked if there were any corrections, deletions or additions to the minutes of the 2010 Annual Meeting of Community Service Credit Union. There being none, a motion to approve the minutes of the April 24, 2010 Annual Meeting was made by Mr. David McNutt, seconded by Mr. Scotty Kyle and unanimously voted. Mr. Turner then introduced Ms. Brenda Hooker, CEO/President, to give the President's Report.

Ms. Brenda Hooker welcomed and thanked the membership for attending the 57th Annual Meeting of Community Service Credit Union. Ms. Hooker told the membership it was truly a privilege to be CEO of this credit union. Ms. Hooker asked the membership to think about why they were here today. While the food and door prizes are an incentive, your attendance here today is really because of your ownership in this member-owned financial institution, reported Ms. Hooker. You, the members, elect the Board who develop our policies, ensure regulation compliance and are responsible for the safe and sound operation of this member-helping-members credit union.

Ms. Hooker reported that in April of 1954, 55 individuals collected \$10,138.75 to form this credit union and the charter was issued on April 6, 1954. These individuals saw the need and volunteered their time to form a financial institution to help employees of TDC who were already borrowing from each other. Today, Ms. Hooker reported, CSCU has approximately \$72 million in assets and over 8,600 members.

This credit union was formed for the mutual benefit of savers and borrowers to provide the best rates for both, low fees and

sound financial management, reported Ms. Hooker. We do what we do to continue offering affordable financial services our members need. Now, 57 years later, we have ATMs, e-statements and mobile banking. Ms. Hooker also reported on the newly remodeled main office, new ATM, on-line banking enhancements as well as our new Business Account Program. Ms. Hooker also reported that our independent audit was conducted by Credit Union Resources in July of 2010 and the overall records and operations of the credit union were reported in good condition.

The challenge for 2011 will be the current economic environment, reported Ms. Hooker, managing income and expenses, delinquent loans and monitoring underwriting. Ms. Hooker reported that even with \$300,000 in losses resulting from the losses sustained by the corporate credit unions, we ended 2010 far better than most. Ms. Hooker concluded her report with recognition of Ms. Karen Denman's completion of a three year management program which included developing a strategic plan for this credit union.

After a review of the election process, Mr. Turner introduced Mr. Wayne Scott, Chairman of the Nominating Committee. Mr. Scott reported that the Nominating Committee Members consisted of Mr. Scotty Kyle, Mr. Mike Countz and Mr. Larry Winkelmann. The Committee nominated incumbent Mr. Jack Parker for Position #1, incumbent Mr. Wesley Warner for Position #2 and incumbent Mr. Paul Brown for Position #3, for 3 year terms. Mr. Turner thanked Mr. Scott and then asked if there were any nominations from the floor for Position #1, 2 or 3. There being none, a motion was made by Mr. Mike Countz, seconded by Mr. John Bradley, and unanimously voted to elect Mr. Jack Parker to Position #1, Mr. Wesley Warner to Position #2 and Mr. Paul Brown to Position #3 by acclamation for three-year terms. Mr. Turner thanked the membership for their participation. Each board member also expressed their appreciation for the membership and the CSCU staff.

There being no further business, a motion was made by Mr. John Burney, seconded by Mr. Frank "Poncho" Roberts, and unanimously voted to adjourn the meeting at 10:25 a.m.

Paul Brown, Secretary

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## CHAIRMAN & CEO'S REPORT

As a member-owned financial cooperative, Community Service Credit Union exists to provide services for our member/owners. Despite the tough economy our community and our members experienced throughout 2011, Community Service Credit Union continued to provide affordably priced loans for a wide range of needs, a host of checking services designed to make banking simpler, and a safe and secure place for members to put aside money for the future.

Because we know our members value ease and convenience and desire more ways to manage their money effectively, Community Service Credit Union has made new investments in the products and services that will meet or exceed these expectations. With demand for Internet-based and mobile banking services increasing, CSCU has focused on bringing technology-driven services to market, yet it has never lost sight of the continuing preference of many of its long-term, highly valued members for traditional access to traditional services delivered by caring and friendly staff in its branch offices.

CSCU disbursed more than \$2.2 million in new loans to members during 2011, demonstrating the Credit Union's commitment to meeting member needs despite difficult economic times. Surprisingly, Credit Union members appear to have been committed to reducing their household debt loads, resulting in CSCU ending 2011 with slightly fewer loans outstanding than at year-end 2010. Mirroring this push to reduce debt and build savings, Credit Union deposits grew by about \$4.4 million dollars in 2011, as consumers continued to turn to credit unions for safe, insured accounts.

Community Service Credit Union's safety and soundness has been once again verified through an independent audit performed as of September 30, 2011 by Credit Union Resources, Inc. This Board-contracted auditing entity found no material exceptions in their examination of the records of Credit Union operations, stating in their final report to the Board that the overall records and operations of the credit union were found to be in good condition, and a fair and accurate accounting of Credit Union operations.

In other initiatives to reinforce its soundness as an organization, Community Service Credit Union updated and restated its organizational bylaws in 2011, assuring that its governance incorporates all the powers and options available to it, as well as to further streamline some operations. In other efforts to bolster the Credit Union's ability to build the firm foundation it has built over many years, the Credit Union hired a new Chief Financial Officer, Patsy Lindamood, at the end of 2011, finally filling the void created by its former CFO, Brenda Hooker, who stepped in to the role of Chief Executive Officer effective February 1, 2011. The senior management team of the Credit Union is rounded out by Carol Sullivan, who was appointed Executive Vice President effective March 2011. With updated bylaws, a team of eight talented and committed directors, and senior management staff who each possess more than 20 years of credit union experience, Community Service Credit Union is well positioned to deliver superior services to its membership in 2012.

As Community Service Credit Union embarks upon 2012, the Credit Union reaffirms its pledge to harness the power of technology to make banking simpler for its 8,685\* members. CSCU takes great pride in being your choice for financial services, and it is our intention to continue to earn your trust and your loyalty for many years to come.

2012 will be unique for CSCU in one other special way: the United Nations General Assembly has declared 2012 as the International Year of Cooperatives, highlighting the contribution of cooperatives to socio-economic development, particularly their impact on poverty reduction, employment generation and social integration. Community Service Credit Union intends to be a shining example of the power of people helping people, especially during challenging financial times. This fundamental principal is a powerful concept that proves that cooperative businesses continue to provide an essential alternative in today's business and social environments. Let us be there to help you this year: making banking simpler, and making life more fulfilling!



Mike Turner, Chairman



Brenda Hooker, CEO

\*current as of December 31, 2011

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# 2011 STATEMENT OF FINANCIAL POSITION

YEAR ENDING DECEMBER 31

## ASSETS

CASH ON HAND AND ON DEPOSIT	\$5,995,093
INVESTMENTS	\$30,117,302
LOANS	\$36,165,201
RECEIVABLES	\$15,606
ACCRUED INCOME	\$172,174
LAND	\$144,066
BUILDING AND LEASEHOLD IMPROVEMENTS	\$1,745,319
FURNITURE AND EQUIPMENT	\$251,117
OTHER ASSETS	\$195,784

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<b>TOTAL ASSETS</b>	<b>\$74,801,663</b>
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## LIABILITIES

ACCOUNTS PAYABLE	\$608,278
OTHER PAYABLES	\$271,142

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<b>TOTAL LIABILITIES</b>	<b>\$879,420</b>
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## MEMBER DEPOSITS

MEMBER SHARE ACCOUNTS (SAVINGS)	\$16,416,459
CHECKING	\$9,277,424
CERTIFICATES OF DEPOSIT	\$24,788,900
IRA CERTIFICATES OF DEPOSIT	\$2,813,194
MONEY MARKET	\$12,076,480
OTHER SAVINGS	\$1,613,073

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<b>TOTAL DEPOSITS</b>	<b>\$66,985,529</b>
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<b>RESERVES &amp; UNDIVIDED EARNINGS</b>	<b>\$6,936,714</b>
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<b>TOTAL LIABILITIES, MEMBER DEPOSITS AND RESERVES</b>	<b>\$74,801,663</b>
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# STATEMENT OF INCOME & EXPENSES

YEAR 2011

## INCOME

INCOME ON LOANS	\$2,669,501
INCOME FROM INVESTMENTS	\$376,103
OTHER INCOME	\$1,288,222
<b>TOTAL OPERATING INCOME</b>	<b>\$4,333,826</b>

## EXPENSES

COMPENSATION & BENEFITS	\$1,214,898
TRAVEL & CONFERENCE	\$23,645
OFFICE OCCUPANCY EXPENSE	\$212,936
OFFICE OPERATIONS EXPENSE	\$400,354
MARKETING AND EDUCATION	\$102,239
LOAN SERVICES	\$81,398
PROFESSIONAL SERVICES	\$568,990
PROVISION FOR LOAN LOSS	\$(109,200)
INTEREST	\$2
MEMBER'S INSURANCE	\$1
OTHER OPERATING EXPENSES	\$46,522
<b>TOTAL OPERATING EXPENSE</b>	<b>\$2,541,785</b>

INCOME FROM OPERATIONS	\$1,792,041
NON-OPERATING GAIN (LOSS)	\$(158,139)
DIVIDENDS AND INTEREST PAID TO MEMBERS	\$(529,118)
<b>NET INCOME</b>	<b>\$1,104,784</b>

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## DIRECTORS

### CHAIRMAN

**Mike Turner**  
Term Expires  
2012

### VICE CHAIRMAN

**Wayne Scott**  
Term Expires  
2012

### TREASURER

**S.O. Woods**  
Term Expires  
2012

### SECRETARY

**Paul Brown**  
Term Expires  
2014

### DIRECTOR

**Jack Parker**  
Term Expires  
2014

### DIRECTOR

**Ferne Frosch**  
Term Expires  
2012

### DIRECTOR

**Doug Dretke**  
Term Expires  
2013

### DIRECTOR

**Mike Countz**  
Term Expires  
2012

## OFFICERS

### PRESIDENT & CEO

**Brenda Hooker**

### CHIEF FINANCIAL OFFICER

**Patsy Lindamood**

### EXECUTIVE VICE PRESIDENT LENDING & OPERATIONS

**Carol Sullivan**

### CHIEF LENDING OFFICER

**Todd Armstrong**

## OFFICE LOCATIONS & CONTACT INFORMATION

### MAIN OFFICE

250 FM 2821  
Huntsville, Texas  
P 936.295.3980  
F 936.295.3105  
Toll Free 877.293.3980

### SAM HOUSTON AVENUE

2432 Sam Houston Ave  
Huntsville, Texas  
P 936.291.2728  
F 936.291.0982

### NUCOR STEEL

Jewett, Texas  
Access Restricted to  
Plant Employees

### VULCRAFT MANUFACTURING

Grapeland, Texas  
Access Restricted to  
Plant Employees

### NATIONWIDE LOCATIONS

[www.creditunion.net](http://www.creditunion.net)  
(over 4,500 locations)

### MAILING ADDRESS

P.O. Box 479  
Huntsville, Texas 77342-0479

### TELE-ACCESS

800.678.2728

[WWW.CSCUTX.COM](http://WWW.CSCUTX.COM)

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