

Annual Report 2023



**Serving Our Members
Since 1934**

**United Energy Credit Union
89th Annual Meeting
March 26, 2024**

AGENDA

INTRODUCTION

CALL MEETING TO ORDER

ASCERTAINMENT OF QUORUM

Determine if quorum of 25 eligible members are present.

APPROVE MINUTES FROM PRIOR MEETING

REPORTS

Report of the Board of Directors

Lynette Sealy, Chairperson

Report of Audit Committee

Joy Kristl, Chairperson

Report of the Delinquent Loan Committee

Tracey Pham, Chairperson

Report of the President/Treasurer

Report of 2023 Operations

Debbie Hendrix

UNFINISHED BUSINESS

Report of Nominating Committee

Judy Smith, Chairperson

OTHER BUSINESS

Prizes

ADJOURN



Report of the Chairman of the Board

We all know that credit unions are different. As members, you are equal owners, and we are accountable to you. You are not just a number – you are a member and we value your business. Since credit unions are not-for-profit financial cooperatives and, unlike banks, have no shareholders demanding a market return on their investment, we can pass savings on to our members in the form of lower loan interest rates, higher yields on investments, and fewer/lower fees. Another example is the Interest Refund that was approved in 2023 by the board of directors and distributed to members. We took a

portion of our income and paid out \$128,575 to members who borrowed money from the credit union.

Since the pandemic, members have recognized and valued their trusted credit unions even more. As the financial landscape continues to shift in a post-COVID world, we work diligently to provide the best value and experience for our members. While we have seen many improvements to the economy, challenges remain.

For example, inflation is no longer accelerating; however, prices will not necessarily decrease which continues to squeeze our members' discretionary income. The Federal Reserve predicts that inflation will drop nearly two percent by December 2024, but the year-over-year inflation rate as of February 2024 was 3.2%, which is still above the target rate of 2%. United Energy Credit Union is aware that these issues present unique challenges for our members, and we're dedicated to listening to your suggestions and feedback and exploring the best ways to support you as you navigate these circumstances.

The overall picture for credit unions in Texas is encouraging. According to the Credit Union National Association's 2023 3rd quarter report:

- Texas currently has 410 credit unions headquartered in the state, with a membership of 10,468,054—a growing but still small portion of the state's financial sector.
- Total assets of all credit unions in Texas are over \$155 billion.
- Texas credit unions have 2,696 branches and 40,702 employees.
- Texas credit unions made 1.9 million loans for a total amount of more than \$40 billion.

Our loan department was busy making loans in 2023. Members borrowed \$10,429,038 which included \$8.5 million in vehicle/RV/boat/motorcycle loans. More than 90% of our loans came through our online application process which helped us speed up the approval process. So, I want to say how grateful the credit union is that you have given us an opportunity to earn your business. Our common goal is the financial success of every member of the credit union and we love helping our members by providing low loan rates and flexible terms that makes it easy to borrow from us.

It's a top priority of United Energy Credit Union to meet the challenges of our current economy, political landscape, infrastructure, and environment head-on while embracing digital technologies and transforming into a modern and flexible business that serves our members and our community. As our member-owners, you are integral to our credit union family, and we are sincerely grateful that you've chosen us as your financial partner. We wish you and your family a healthy and prosperous 2024.

Lynette Sealy

Chairman of the Board



Report of the President /Treasurer

As we begin 2024, we remain committed to serving your financial needs. Our experienced and dedicated Board is responsible for upholding the highest standards of governance integral to our well-being, sustainability, and prosperity. We are focused on ensuring your credit union has a capable, qualified, and transparent management team. Our staff remains our most valuable asset, and their commitment to delivering the level of service that United Energy Credit Union members have grown to expect is essential to our success. As many of you know Jenifer Kayda, the Credit/Collections Supervisor, retired at the end of the year. We promoted Cindy Dickey to this position. Cindy has been with the credit union since 2011 and has worked tirelessly for this accomplishment. She has been dedicated to assisting members with their lending needs and she is committed to improving the lending experience for our members.

Investing in technology and improving processes continue to be a major focus. These investments and improvements are aimed at enhancing the convenience, access and security of our services and products, while we continue to meet member expectations. While we are passionate about preserving the personal interactions our members appreciate for the credit union, we understand and embrace the increasing demand of digital service options as well.

We recently converted to a new Online Banking platform which offers financial services that fit the way you live and work. With Virtual Branch® Next, we can provide unmatched, personalized digital experiences through any device, at any time. Virtual Branch Next brings a heritage of deep, feature-rich digital banking technology to elevate the member experience. With an integrated digital ecosystem, you can easily navigate an elegant, intuitive interface that brings all of their financial services together in one place.

- Enhanced alignment between the online and mobile app experience
- Quick view of upcoming bills and scheduled payments on the homepage
- Insightful set of financial tools aggregating each member's entire financial picture in both the online and mobile experiences

We remain committed to providing a safe and secure financial institution for our members. Our unique structure ensures that members remain at the center of everything we do. From the products and services we offer, to the development of our balance sheet, we are focused on your financial well-being. UECU draws financial strength from its members and your participation is vital to our organization. In 2023, member participation remained strong, leading to robust loan growth. We finished the year with almost \$29 million in assets. New loans were strong, with many members taking advantage of our low loan rates made possible by our strong liquidity position. However, savings balances were impacted by rising inflation as some members continued to face challenges with higher housing, food, and energy prices eating away at hard earned savings. Placing your savings with an institution you can trust is critical. Our priority is to build trust through stability and responsible, managed growth.

The last several years have presented changes and challenges, but they also taught us that we are more than capable of facing an evolving economy and technological space in 2024. We certainly look forward to the opportunities to demonstrate our value proposition as we move forward.

Debbie Hendrix

President/Treasurer



Report of the Delinquent Loan Committee Chairperson

United Energy Credit Union ended 2023 with a combined total of loans and credit card balances of \$19,816,128.81. The delinquent amount at the end of the year was \$115,041.93 which represents a year-end delinquency ratio of 0.58% compared to 0.99% at the end of 2022. The Charge-off amount at the end of the year was \$52,064.66, represents a net charge-off ratio of 0.28% compared to \$37,945.77 which represented a net charge-off ratio 0.32% at the end of 2022.

We continued to use Blake Credit Union Services to collect some of our delinquent accounts and will retain their services for 2024 as deemed necessary. As in the past, all delinquent accounts are reported to the Credit Bureaus on a monthly basis.

We will continue to utilize the services of a credit union attorney to minimize any losses that may occur from bankruptcy or other debt problems. As the law allows, we will continue to report member losses to the Internal Revenue Service that will be reported as income to that member.

With the ever-changing rules and laws affecting our attempt to collect delinquent accounts, we will continue to maintain up-to-date collection policies and procedures.

The goal of the Delinquent Loan Committee is to oversee any debt collection efforts. We will continue to do our best to reduce delinquency and to keep loan losses to a minimum and acceptable level. I would like to express my appreciation to each member of the committee for their outstanding work this past year.

Tracey Pham

Delinquent Loan Committee Chairperson



Report of the Internal Auditor Audit Committee Chairperson

The Audit Committee oversees the management and financial records of the Credit Union to ensure its financial condition is fairly represented. The Audit Committee's primary role is to oversee the safety and soundness of this credit union so that our members can feel confident that their investments are safe. Here are just a few of the duties performed by the Audit Committee in 2023:

- Served as the principal communication link between the external auditors and the credit union management team and reviewed the terms of scope of this audit
- Obtained a reasonable understanding of the elements of internal controls that are important to safeguarding the assets of the credit union.
- Reviewed weekly reports to ensure that management and staff are complying with the policies and procedures which have been put in place to protect the credit union.

In meeting their responsibility, the Audit Committee contracted for an independent audit of the financial statements by Credit Union Resources. This audit was conducted in November 2023 and covered everything from the last audit through September 2023. The annual audit is performed in accordance with the requirements set forth in Section 5.07 of the Texas Credit Union Laws and Regulations and included any additional procedures deemed necessary.

In addition, the Credit Union Department of the State of Texas performs an examination of United Energy Credit Union. The mission of this department is to supervise, regulate and examine credit unions in order to safeguard the public interest, protect the financial interest of credit union members and promote public confidence in credit unions. The examiners perform a comprehensive review of the accounting records, loans, general procedures and internal controls. The exam was conducted in October 2023 and covered everything from our last audit through June 2023. It is their opinion that the credit union's financial statements fairly represent the financial condition of United Energy Credit Union.

During 2023, the Audit Committee performed surprise cash counts on teller cash drawers and the credit union's vault cash. Random audits were completed on new accounts, closed accounts and loans. The committee also completed the BSA, Plastic Card and ACH audits. In 2023 we conducted the bi-annual verification of members' statements.

Based on the results of the above-referenced activities and reports generated from them, it is the opinion of the Audit Committee that the records and affairs of United Energy Credit Union are in order. The Audit Committee welcomes questions or comments from the members at any time. We remain dedicated in our efforts to provide reviews and audits of all aspects of United Energy Credit Union operations to protect each and every member. Members may write to the Audit Committee at 8790 FM 1960 Bypass West, Suite 500A, Humble, TX 77338

Joy Kristl

Internal Auditor/Audit Committee Chairperson

2019–2023 Balance of Accounts

ASSETS	2023	2022	2021	2020	2019
Cash	573,979	588,088	833,751	1,603,527	1,384,176
Other Investments	7,995,000	10,814,000	12,289,000	12,865,000	9,737,000
Petty Cash/Change Funds	188,250	197,354	172,455	135,831	127,243
Personal Loans	19,350,646	17,546,430	15,347,366	14,180,972	14,447,554
Credit Card Loans	465,483	468,181	452,279	464,126	575,343
Investments Accrued Income	26,518	15,155	3,367	8,471	20,065
Loans Accrued Income	49,878	54,579	50,494	42,333	41,531
Fixed Assets	1,979	3,452	4,305	4,473	73
NCUA/NCUSIF	240,197	236,847	236,134	200,189	202,880
Allowance for Loan/CP Losses	(159,181)	(125,219)	(115,605)	(117,211)	(137,288)
Other Receivables	4,983	277,796	15,469	38,257	48,274
Share Draft Returns Clearing	149	-	-	915	-
Prepaid Expenses	24,816	27,794	23,663	28,018	20,717
Other Assets	136,291	95,161	94,871	94,005	9,715
TOTAL ASSETS	28,898,988	30,199,618	29,407,548	29,548,908	26,477,283
LIABILITIES	2023	2022	2021	2020	2019
Shares	12,598,585	13,678,987	13,668,476	12,980,544	10,795,286
Checking Accounts	4,461,215	4,550,103	4,331,557	4,297,137	3,519,306
Deposit Accounts	4,699,192	4,589,662	4,380,221	4,652,102	4,574,659
IRA Accounts	1,236,678	1,592,197	1,819,132	2,265,345	2,323,042
Accounts Payable	526,524	452,451	127,94	333,252	136,668
Accrued Interest Payable	73,098	15,484	10,298	29,640	57,735
Other Accrued Expense	232,628	279,664	218,500	187,975	217,015
Unapplied ATM	195,491	157,125	96,090	72,296	81,697
Reserve Fund	1,022,385	1,022,386	1,022,386	1,022,385	1,022,386
Undivided Earnings	3,853,192	3,861,560	3,732,941	3,708,232	3,749,489
TOTAL LIABILITIES	28,898,988	30,199,618	29,407,548	29,548,908	26,477,283

Profit and Loss Statement

INCOME	2023	2022	INCREASE/ DECREASE	2024 BUDGET ESTIMATE
Interest on Loans	1,146,076.99	1,074,556.78	71,520.21	1,225,000
Interest Refund	(128,575.41)	(103,565.19)	(25,010.22)	-
Credit Card Income	48,467.82	47,372.37	1,095.45	50,000
Investment Income	311,853.50	113,125.88	198,727.62	370,000
Fee Income	560,554.02	581,377.18	(20,823.16)	566,500
Other Income	66,603.94	131,608.66	(65,004.72)	61,000
Total Income	2,004,980.86	1,844,475.68	160,505.18	2,272,500
Expenses				
Salaries & Benefits	643,704.14	628,491.50	15,212.64	780,000
Travel & Conference	6,000.00	-	6,000.00	6,000
Association Dues	9,975.63	10,026.41	(50.78)	10,000
Office Occupancy/Operations	569,543.90	505,099.70	64,444.20	575,000
Educational & Promotion	5,013.94	-	5,013.94	6,000
Loan Servicing	96,915.96	85,916.46	10,999.50	110,000
Professional & Outside Services	431,488.63	376,396.95	55,091.68	420,000
Operating Fee	6,178.00	6,019.64	158.36	6,500
Audit Fee	13,999.94	8,496.91	5,503.08	6,000
Annual Meeting & Dinner	3,999.99	999.85	3,000.14	5,000
Miscellaneous Expenses	9,095.72	7,211.89	1,883.83	10,000
Cost of Funds				
Interest on Deposit Accounts	81,408.33	15,743.98	65,664.33	171,000
Interest on IRA Accounts	19,110.09	9,997.23	9,112.86	22,000
Interest on Share Accounts	22,867.80	7,495.77	15,372.03	32,000
Provision for Losses (Loan/CP Losses)	40,862.80	53,960.03	(13,097.23)	68,000
Total Expenses	1,960,164.87	1,715,856.32	244,308.60	2,227,500
Net Change To Undivided Earnings	44,815.99	128,619.36	(83,803.42)	45,000

Board of Directors

Term Expires 2024

Debbie Hendrix, President/Treasurer (Board member since 2005)

Shonda Royston-Johnson (Board member since 2021)

Term Expires 2025

Cedric Wilson (Board member since 2016)

Lynette Sealy – Chairman (Board member since 2018)

Randy Haddick – Secretary (Board member since 2018)

Tracey Pham (since 2018)

Term Expires 2026

Eliza Castillo (since 2020)

Dominick Huang (since 2022)

Matthew Smith (since 2023)

Chris Wood (since 2023)

Credit Union Staff

Member Services Staff

Yudith Snead – Member Service Supervisor

Crystal Aguilar – Member Service Representative

Raylynn DeSouza – Member Service Representative

Connie Banks – Member Service Representative

Back Office Staff

Debbie Hendrix – President

Ann Bumpers – Accounting Specialist

Tonia Dikeman – Contract IT

Joy Kristl – Contract Auditing

Amber Stanley – Accountant

Credit and Collections Staff

Cindy Dickey – Credit/Collections Supervisor

Karen Crowder – Loan Officer

Kim Dennis – Loan Officer

Jen Hoppas-Hyde – Lending Clerk



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