

2021

ANNUAL REPORT

CORPUS CHRISTI POSTAL EMPLOYEES CREDIT UNION



MISSION STATEMENT

Corpus Christi Postal Employees Credit Union commits to provide its members with quality financial services within the realm of sound management policies and a professional code of ethics. The credit union is service oriented, dedicated to providing efficient, convenient and friendly service.

PRESIDENT'S REPORT

First of all, I would like to thank our Membership for helping us celebrate 90 years as your Corpus Christi Postal Employees Credit Union! The Credit Union could not have existed this long without your loyalty to us. I believe the best part of "OUR" Credit Union is the long-lasting relationships throughout the years that continue with your children and grandchildren. We Appreciate You!

We are the "oldest" Credit Union in the area and still the only "single sponsor" credit union left here in town. All the other credit unions have opened their doors and become a "community" credit union, where anyone can join. The Corpus Christi Postal Employees Credit Union continues to serve the United States Postal employees and their families only.

I would also like to thank our Board of Directors for their time, service, and dedication to our Credit Union. They serve our membership on a volunteer basis. They should be commended for the job they do and the hours of their personal time they devote to ensuring the safety and soundness of the credit union. These 8 individuals impressively continue to grow with experience and knowledge in all aspects of our credit union rules and regulations. They have done a great job in leading and serving our membership.

Your Credit Union continues to be very strong financially with a Net Capital of 15.68%, the law requires us to have a minimum of 7% Capital.

In 2021 we granted \$5,150,416.80 in loans, while keeping delinquency low and charge offs to a minimum. Our delinquency in December 2021 was 0.287% and our net charge offs year to date was \$1,762.19, on a loan portfolio of \$6,886,869.51.

We have managed to keep our rates competitive during the year while paying dividends equal to or in some cases higher than the local competition. In 2021 we paid out \$52,991.87 in dividends which represents 6.60% of our total Gross Income which was \$803,360.46.

2021 was another interesting year with the long-term effects of Covid 19. We continued to deal with little to no investment income due to low rates. We had the car market, which dealt with low inventory due to the chip and parts that were not being produced fast enough. We had the after-effects of unemployment and job market issues. Considering the last two years in dealing with the Pandemic and its' after effects, we have definitely held our own and our stability remains strong.

Our accomplishments in 2021 have kept us competitive while at the same time helping our staff to better serve you. We are here for all of your financial needs. Our Board of Directors believes in the cooperative nature of credit unions. They believe strongly in "people helping people". Let us all continue to work together to strengthen our Credit Union, its' image, and financial well-being for future generations to come.

Respectfully,

Elma Schwing

President/CEO

REPORT OF THE CHAIRMAN OF THE BOARD

I would like to thank the membership and the board for allowing me to serve as your chairman this past year. I have been a member of the Postal Employees Credit Union since 1970. I have served on this board for several years, simply because I believe in what we do for our membership. I take this position seriously and I have enjoyed watching our Credit Union grow and succeed.

Our Credit Union has continued to hold a very solid and positive financial capital position. As of December 2021, our (Net Capital) was 15.68%, compared to 14.12% (Net Capital) as of December 2020. (The law requires us to have a minimum of 7% capital)

The Credit Union had an annual income of \$40,643.96 for the year ending December 31, 2021, compared to \$28,471.15 for the year ending December 31, 2020. This was a big accomplishment for 2021 for several reasons. We had already anticipated negative earnings for year-end, due to Mark Rasmussen's (prior CEO) retirement package that was paid in 2021, also dealing with the 2nd year effect of Covid-19, low auto inventory, and the lowest investment rates we have seen in the last 15 years. It was definitely a year for the record books.

In the meantime, we have continued to maintain our loan portfolio at over \$6.6 million while keeping our delinquencies and loan losses to a minimum. This is a prime example of our membership loyalty and our staff's dedication to go the extra mile to meet your financial needs. Even in the toughest of times we overcome and we cannot thank you enough.

Your Credit Union is examined by the state and also by private auditors annually. Their reports show that our Credit Union is fundamentally sound and in good order. I am proud that we continue to serve the Postal Community and their family members professionally and competently.

It's been an honor and pleasure serving as your Chairman and I am grateful to the rest of the Board for having confidence in me to serve in this capacity.

Respectfully,

Edward Torres

Chairman of the Board

MANAGEMENT & STAFF OF THE CREDIT UNION

Elma B. Schwing
President/CEO

Emily Marroquin
Senior Loan Officer

Feliciana Garza
Teller

Margaret Breland
Accounting/Teller

BOARD OF DIRECTORS

Edward Torres

Paul Terrazas

Roger Reyna

Rudy Dominguez

John Garcia

Jose R. Garcia

Robert Lerma Jr.

Rene Sanchez

Chairman

Vice Chairman

Secretary

Treasurer

Board Member

Board Member

Board Member

Board Member

TERM EXPIRES

2021

2021

2021

2022

2021

2022

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2022

Corpus Christi Postal Employees Credit Union
90TH ANNUAL BUSINESS MEETING
FEBRUARY 27, 2022

ORDER OF BUSINESS:

1. Determine that a quorum is present
2. Reading and approval of the minutes of the last meeting
3. Report of the Chairman of the Board
4. Report of the President
5. Report on the Annual Audit
6. Unfinished Business
7. New Business other than elections
8. Election of Directors
9. Adjournment

89TH ANNUAL MEETING MINUTES
FEBRUARY 28, 2021

The meeting was called to order at 4:00 p.m. by Chairman Paul Terrazas. Chairman Terrazas greeted the membership and welcomed them to the 89th Virtual Annual Meeting. Chairman Terrazas stated that the Bylaws were changed and the Board of Directors voted for determining a virtual quorum due to the National Pandemic Emergency. Chairman Terrazas also explained this was a virtual business meeting only and that it was a new experience for all of us. He explained the meeting would be shorter than normal, but needed to be held to meet our bylaw criteria for 2020. Chairman Terrazas said, "although we would all love to have a public meeting, the board determined this would be a safer environment for our membership and our staff."

Chairman Terrazas noted that the required number of members have indicated their attendance by registering for this virtual meeting, therefore, we have a quorum.

Chairman Terrazas called the meeting to order. Chairman Terrazas thanked the membership for helping us celebrate 90 years for your Credit Union this year and he was grateful to be a part of it.

The Chairman went on to explain that the nominating committee consists of those members of the board that are not open for election in 2021. Chairman Terrazas said the committee met and validated each applicant's qualifications.

The four applicants placed into nominations by the committee in January 2021 were:

Rudy Dominguez
Rose R. Garcia

Rene Sanchez
Robert Lerma Jr.

Since there were no petition candidates the Chairman declared the nominees elected by acclamation.

Chairman Terrazas referred the members to the Annual Report of the credit union and asked if they had read the Minutes of the 88th Annual Meeting. He asked if there were any questions and there were none. Chairman Terrazas said he would entertain a motion to approve the minutes as printed. Motion by Martha Ramirez to approve the minutes as printed. Seconded by John Garcia. Motion passed. At this time Elma Schwing let the membership know that the chatbox visible on their screen is available for questions throughout the meeting.

Chairman Terrazas introduced the Board of Directors, Edward Torres (Vice Chairman), Roger Reyna (Secretary), Rudy Dominguez (Treasurer), John Garcia, Rose R. Garcia, Robert Lerma Jr., and Rene Sanchez. Chairman Terrazas told the membership that he appreciated the Board members and their hard work. He said he has enjoyed working with the Credit Union Staff and proud of the dedication of the Board members who have worked together as a team through this pandemic year for the benefit of the membership and he is honored to have acted as the Chairman of the Board this past year. He let the membership know that his report will be in the Annual Report, which is available at the Credit Union and on the website.

Chairman Terrazas introduced our new President Elma Schwing, and asked Mrs. Schwing to give the President's Report.

Mrs. Schwing thanked the membership for joining us virtually. She also thanked Mark and the Board of Directors for the opportunity to serve as the membership's new President. Mrs. Schwing said she was grateful to have worked with Mark for the last 29 years, and she appreciates the structure he has set forth for our Credit Union. She wished Mark the best and he will be missed.

Mrs. Schwing introduced the Credit Union's Staff: Feliciano Garza, Teller; (7 years) Emily Marroquin, Senior Loan Officer; (11 years) Sylvia Garcia, Teller; (23 years). Elma thanked the staff for their dedication to the Credit Union.

Mrs. Schwing referred the membership to the Annual Report and told the members the Credit Union was doing well despite the pandemic. She expressed the life-changing effects of the pandemic and gave condolences to those we lost this past year. She went on to thank John Jordan for all he has done not only for our Credit Union, but for NALC and all those he personally advocated for as well.

Elma discussed the annual examination report and the annual audit report. She said regulations are constantly changing, through it all our capital remains strong and our delinquency remains low. She explained even though our lobby remains closed we have worked to simplify all your loan needs therefore the board approved the decision to implement docu-sign. She explained the contactless efforts needed to be put in place for the safety of our members. Elma noted the board also suspended several fees and approved extra extensions to help our membership with these unprecedented times. Mrs. Schwing discussed the advantages of the chip card and how it has reduced our losses tremendously even though credit card fraud and identity theft are getting worse.

Elma discussed the challenges the Board Members deal with and said she was honored to work with such a fine group of devoted people who are serious about serving their fellow members and ensuring the future viability of the credit union. She explained to the membership the personal sacrifice their Board of Directors makes to serve the membership. She thanked them for their continued dedication.

Mrs. Schwing congratulated the Board of Directors and the staff for making 2020 another good year for our credit union. She told the members that the Board had worked very hard in 2020 for the membership to ensure their credit union remained competitive and adapted to the changes due to the pandemic.

Mrs. Schwing referred the members to the last page of the Annual Report which was the Report on the Annual Audit. She discussed briefly the process and asked if there were any questions. There were none. She then pointed out the Reserves of the credit union in the Balance Sheet and noted we have \$2,313,466.88 in reserves giving our credit union a 15.68% Net Capital to assets ratio which she said was very strong.

She told the membership that the credit union was the oldest in our area chartered in 1931, and the only "single sponsor" Credit Union left here. She said the Credit Union existed because of the members and she was proud of the employees for serving the member's needs professionally and efficiently. She thanked the membership for their loyalty and takes pride in our continued service to them in return. Mrs. Schwing said she looks forward to a better year economically for 2021. Elma asked the membership if they had any questions. There were none.

Chairman Terrazas, thanked Elma for her report and told the membership about the Bylaw change regarding the Board attending meetings beyond the regulatory requirements (4) via phone due to the pandemic. Chairman Terrazas asked if there was any new business. There were none.

Chairman Terrazas thanked Gina Bryant and Coastlife Credit Union for providing equipment/staff/location to make the meeting possible. Chairman Terrazas said that concluded the 89th annual meeting and said he would entertain a motion to adjourn. Motion by Emily Marroquin to adjourn the meeting at 4:28 p.m. Seconded by John Garcia. Motion passed.

REPORT ON THE ANNUAL AUDIT

We have performed certain procedures, described in Exhibit A, which were agreed to by Corpus Christi Postal Employees Credit Union, solely to assist you in connection with your Supervisory Committee Audit of Corpus Christi Postal Employees Credit Union conducted pursuant to Part 715 of the National Credit Union Administration (NCUA) Rules and Regulations and Section 91.507 of the Texas Rules for Credit Unions. The audit was for the period of January 1, 2020 to December 31, 2020.

We examined or tested accounting records and other supporting evidence and made a general review of the system on internal controls.

OBSERVATIONS AND RECOMMENDATIONS:

- No material exceptions were noted.

CONCLUSION:

As detailed in the preceding comments and recommendations, the overall records and operations of the credit union were found in very good condition. The accounting records were well maintained and appear to accurately reflect the financial position of the credit union. Also, the internal control recommendations are offered as ways to enhance your very good system of controls.

This report was discussed with members of the Board of Directors, the Supervisory Committee and Management.

Your staff was most courteous, helpful and cooperative during our stay.

Harold Antao & Company, LLC

Balance Sheet Year End 2020 & 2021

ASSETS	2020	2021
Total Loans Outstanding	\$6,461,026.37	\$6,886,869.51
Provision for Loan Loss	(14,327.64)	(16,656.96)
Accounts Receivable	180.00	0.00
Charter bank/Change Fund	290,897.62	290,140.21
S&L Investments	1,288,264.54	1,040,264.54
Provision for Investment Losses	(48,264.54)	(48,264.54)
SCFCU Settlement Account	7,028,802.68	5,881,799.85
SCFCU Membership Shares	6,054.00	6,054.00
N.C.U.A. Share Insurance	121,762.64	138,954.71
Accrued Interest Loans/C.D.'s & Prem.	12,111.58	18,775.86
Prepaid/Deferred Expenses	459,310.00	593,678.00
Land & Building (Net)	48,611.95	48,611.95
Furniture, Fixtures & Equip.	33.00	33.00
Lease - Branch	1.00	1.00
Other Assets	553,862.54	568,207.12
Total Assets	\$16,208,325.74	\$15,408,468.25

LIABILITIES

Accounts Payable	\$181,471.62	\$105,663.19
Share Dividends	0.00	0.00
IRA Dividends	0.00	0.00
CD Dividends Payable	0.00	0.00
Taxes Payable	0.00	0.00
Accrued Expenses	23,182.25	23,705.41
Unapplied Items	81.54	217.12
Shares	9,347,311.99	9,519,292.52
IRAs	455,443.12	421,549.47
Certificates of Deposit	1,930,360.20	1,026,504.47
Share Drafts	2,725,178.10	2,504,199.48
Regular Reserve	104,010.00	104,010.00
Undivided Earnings	2,272,822.92	2,313,466.88
Other Comprehensive Income	(831,536.00)	(711,140.00)
Total Liabilities & Equity	\$16,208,325.74	\$15,408,468.25

Income Statement Year End 2020 & 2021

INCOME	2020	2021
Income from Loans	\$476,188.37	\$478,348.38
Income from Investments	74,153.87	10,905.45
Fees and Charges	251,150.78	314,106.63
Total Income	\$801,493.02	\$803,360.46
EXPENSES		
Compensation	\$315,482.83	\$350,073.13
Employee Benefits	136,790.67	129,583.77
Travel & Conference	00.00	00.00
Association Dues	00.00	00.00
Office Occupancy	21,506.93	21,213.82
Office Operations	47,172.95	42,302.99
Educational & Promotional	3,629.37	5,244.25
Loan Servicing	9,182.23	8,183.82
Prof. & Outside Services	133,851.47	144,280.35
Members Insurance	00.00	00.00
NCUA Stabilization Fund	00.00	00.00
State Examinations	5,027.00	4,253.00
Cash Over and Short	370.21	(1,123.64)
Miscellaneous Operating Expense	32,280.87	12,166.77
Annual Meeting Expense	5,110.82	1,260.52
Share Draft Maintenance Expense	6,201.24	6,630.43
Provision for Loan Loss	00.00	00.00
Provision for Investment Losses	00.00	00.00
Interest Expense-Share Drafts	00.00	00.00
Total Expenses	\$716,606.59	\$724,069.21
Income before Dividends	\$84,886.43	\$79,291.25
Gain/Loss on Investments	3,862.54	14,344.58
Other Non-Operating Inc/Exp.	00.00	00.00
Less: Dividends	60,277.82	52,991.87
Net Income	\$28,471.15	\$40,643.96

There were NO changes since the last report for:

The credit union's senior management staff, the credit union's By-Laws or Articles of Incorporation.

The credit union had 1,898 members as of December 31, 2021.

The credit union continues to offer its members:

Share and Share Draft Accounts, IRA savings Accounts, A TM and Visa Debit Cards, Loans, VISA Cards, Credit Life and Disability Insurance on loans, Extended Warranties for vehicle loans and GAP insurance for vehicle loans, On-Line Web Page, and mobile Apps for android and iPhones.

Members' access to credit union documents:

Rule 122.107 of the Finance Code (rule 91.315 of the Texas Credit Union Department) require the credit union to publish the following documents which are available for your review at the credit unions main office located at 808 Nueces Bay Blvd, Corpus Christi, Texas 78408 during normal business hours.

Upon request, a member is entitled to review or receive a copy of the most recent version of the following credit union documents:

Annual report to the membership; Balance sheet and Income statement; A summary of the most recent annual audit; Written Board policy regarding access to the articles of incorporation by-laws rules guidelines board policies and copies thereof; and Internal Revenue Service Form 990