

65th
ANNIVERSARY

65th Annual Meeting

2020 Annual Report





AGENDA

**65th Annual Meeting
May 17, 2021**

Call Meeting to Order

Appointment of Recording Secretary

Determination of Quorum

Last Year's Minutes

Reports to the Membership

- Report of Directors

- Report of the Treasurer

- Report of the Supervisory Committee

- President's Report

Unfinished Business

Other New Business

Elections

Meeting Adjourned

CHAIRMAN ADDRESS

Welcome to the **65th Annual Meeting** of First Family Federal Credit Union. I want to thank you for being with us virtually, and I applaud you for being truly *connected member-owners*.

I want to first recognize my fellow board members for their leadership, dedication, and passion for this credit union. The strength of their commitment is key to our long-term sustainability and prosperity. And to our members, I'm greatly humbled by the trust you've placed in us. As a united body of leadership, we are responsible for ensuring that we have a competent, qualified, and trustworthy management team, and I can say unequivocally that we do.

As you can see in the Annual Report, First Family performed well in 2020. Some of the highlights of that report include:

- As our credit union membership grows, so do our assets, which is one of the primary indicators of how well our members are receiving the products and services we offer. Our current assets are over \$112 Million, an increase over 2020 of 10.6% percent. Membership now stands at 15,565.
- Favorable interest rates, even in an uncertain Covid economy motivated many of you to buy new or previously owned vehicles. In 2020, First Family approved 3,132 auto loans worth more than \$42 Million.
- It's a testament to our strength as a financial institution that so many of you are turning to your credit union for your financial needs. During 2020, First Family performed over 364,000 in-person financial transactions for our members, plus many, many electronic transactions because of Covid.
- Last year, First Family performed exceedingly well. We generated \$644,133 in net income.

Our board of directors is a diverse group of talented individuals with a broad range of financial and managerial expertise that together makes a top-notch board to lead us into the future. I'm confident that this knowledge and experience will prove to be a great asset to this board and this credit union.

Thank you, ladies and gentlemen. I wish you and your families the very best in 2021.



Tony Gustin
Board Chairman



SECRETARY / TREASURER'S REPORT

Again, First Family's balance sheet are experiencing record highs in 2020. **Total Assets** reached a record high of over \$112 million, **Total Loans** reached a record high of almost \$81 million, **Total Deposits** reached a record high of over \$100 million and **Net Income** surpassed \$644 thousand, which resulted in our **Capital Ratio** of 9.60%. Loan and deposit growth are attributed to our continued competitive interest rates and deposit rates, which is how you, our owners, receive repayment on your investment in the credit union.

First Family Federal Credit Union's financial growth is illustrated in the chart below:

	2017	2018	2019	2020
Assets	\$85,944,305	\$89,939,676	\$101,589,580	\$112,358,611
Loans	\$69,788,235	\$75,298,099	\$78,928,171	\$81,231,705
Deposits	\$77,197,917	\$80,108,791	\$91,346,719	\$100,614,222
Net Income	\$336,901	\$1,065,955	\$720,121	\$644,133
Net Capital	8.93%	9.72%	9.30%	8.98%

Our 2020 NCUA Federal Examination confirmed that our credit union continues to operate in a safe and sound manner.

First Family Federal Credit Union continues to receive high Federal Examination ratings from NCUA.

I look forward to serving you,

A handwritten signature in black ink that reads 'Natalie Kerby'.

Natalie Kerby
Secretary/Treasurer



STATEMENTS OF FINANCIAL CONDITION

ASSETS	2020	2019	2018
Cash and Cash Equivalents	\$4,267,932	\$3,230,331	\$2,954,958
Investments	\$16,153,974	\$11,347,302	\$5,418,653
Loans to Member	\$81,231,705	\$79,100,323	\$75,357,703
Reserve for Loan Loss	(\$731,545)	(\$709,075)	(\$867,000)
Property and Equipment	\$7,454,272	\$5,763,152	\$4,408,403
Accrued Interest on Loans & Investments	\$284,049	\$303,988	\$289,989
Prepaid Expenses & Other Assets	\$2,735,589	\$1,728,495	\$1,623,538
Reserve Deposit - NCUA	\$962,635	\$825,064	\$753,432
TOTAL ASSETS	\$112,358,611	\$101,589,580	\$89,939,676
LIABILITIES & EQUITY			
Share Accounts	\$100,614,222	\$91,346,720	\$80,108,791
Accrued Expenses	\$768,463	\$528,016	\$615,362
Accrued Dividends	\$63,717	\$124,417	\$84,315
Accrued Taxes Payable	\$1,754	\$12,019	\$12,811
Other Payables	\$1,764,843	\$730,185	\$1,028,054
TOTAL LIABILITIES	\$103,212,998	\$92,741,356	\$81,849,333
Equity, Retained Earnings	\$9,145,613	\$8,848,224	\$8,090,343
TOTAL LIABILITIES & EQUITY	\$112,358,611	\$101,589,580	\$89,939,676



STATEMENTS OF INCOME

	2020	2019	2018
INCOME			
Interest on Loans	\$4,735,298	\$4,590,467	\$4,187,886
Income from Investments & Other Income	\$2,597,480	\$2,645,542	\$2,435,772
TOTAL INCOME	\$7,332,778	\$7,236,009	\$6,623,658
EXPENSES			
Dividends on Share Accounts	\$934,962	\$1,060,736	\$651,711
Interest on Borrowed Funds	\$48	\$480	\$1,984
Operating Expenses	\$5,770,662	\$5,456,912	\$5,485,782
TOTAL EXPENSES	\$6,705,672	\$6,518,128	\$6,139,477
NON-OPERATING GAINS (LOSS)			
Gain (Loss) on Disposition of Assets	(7,100)	(2,550)	(3,303)
Other Non-Operating Income	\$24,128	\$4,790	\$585,076
NET INCOME	\$644,133	\$720,121	\$1,065,954



SUPERVISORY AUDIT COMMITTEE

The Supervisory Audit Committee has the responsibility to make certain that all facets of First Family Federal Credit Union's operations are compliant with laws, regulations and board policies. The Supervisory Audit Committee selects and employees an audit firm to provide an independent audit to review compliance for all member activities and services offered by First Family Federal Credit Union.

The 2020 Annual Supervisory Audit was conducted in accordance with generally accepted accounting principles by CU Resources. The report critically and systematically examined the internal controls, statements, records, accounting transactions and other financial records of First Family Federal Credit Union. A complete report of the annual audit is given to the Supervisory Committee.

I'm very pleased to announce that again this year First Family is a well-capitalized financial institution, with a strong net worth ratio of 8.98% percent. To put that in perspective, a net worth position above 7 percent is considered well capitalized by our regulators.

The National Credit Union Administration also conducts a thorough annual financial examination of the records and practices of the First Family Federal Credit Union.

The results of examination and audit are reported to the Board of Directors. The Supervisory Audit Committee is satisfied that the records of First Family are accurately maintained in accordance with generally accepted accounting principles and standards.

Special thanks to Supervisory Committee members Billie Been and Harvey Rice for their service and dedication to our credit union.

A handwritten signature in black ink, appearing to read 'M. Mahan', written in a cursive style.

Mike Mahan
Supervisory Chairman

65th
ANNIVERSARY

President's Report

Welcome to the 2021 Annual Meeting of First Family Federal Credit Union. I'm delighted to be here with you at our 65th annual meeting.

When you joined our credit union with your initial deposit, you became one of the most important people in the credit union industry: a member-owner. That initial deposit was your share in First Family, and it empowered your voice in your financial institution. Credit unions operate on a "one member, one vote" principle, so when you participate in the voting process, you're contributing to the growth and potential of your credit union.

Here, you're surrounded by people like yourself who have an equal share of First Family. As a result, we can offer you lower rates on loans, higher rates on savings, and fewer fees—not to mention more personalized service. Credit unions put people over profits.

Since our credit union's founders opened for business in 1956, we've grown to 15,565 members and our assets have grown to over \$112 Million.

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 this credit union.

Because of the work we've all done together, this credit union is thriving.

From a business perspective, your credit union continues its steady trajectory forward and upward, with our focus finely tuned to the things that really matter to our members. As such, we were able to bring our "people helping people" mantra to life in a number of ways that helped not only our members, but our communities:

- Opening of our new McAlester Branch
- CDFI Grant Award
- Ultimate Checking – earn up to \$10 per month in rewards
- Shared Branching, now over 5,000 branches across the US to serve members
- 2021 AARP Tax Assistance Program
- Financial Well-being, Bingo Education and Budget or Bust Youth Financial Camp
- Continued Community involvement throughout the 10 counties we serve
- Free Car Fax services for members

And for 2021, we plan to continue excellent member service by the addition of:

- New Payday Loan alternative *CashPlease*, coming late summer 2021. This alternative is designed to help prevent members from paying payday loans that interest Rates average 100% to 500% for each loan.

We promise that First Family will continue to grow responsibly while listening and responding to your needs. Our member-owners are integral to our credit union family, and we are sincerely grateful that you've chosen First Family as your financial partner. We wish you a healthy and prosperous 2021.

Thank you.



David Dykes
CEO/President

**2020
ANNUAL
MEETING
MINUTES**

August 11, 2020

Chairman Tony Gustin called the 64th Annual Meeting of the Shareholders to order at 5:04 p.m. virtually in the Briefcase Event Center in Henryetta, Oklahoma.

Chairman Tony Gustin asked David Dykes to lead us in prayer and Mr. Gustin lead us in the flag salute.

Chairman Tony Gustin appointed Ashley Morris as recording secretary.

Chairman Tony Gustin declared there was a quorum. We had 29 members joining us virtually via ZOOM and Facebook LIVE,

10 members from the staff and Board of Directors joining us in person.

Mr. Gustin stated the 2019 Annual Meeting Minutes are on pages 3 through 6 of the report. He asked for any questions or corrections. Hearing none, he asked for approval of the Minutes. Syble Ditzler made the motion, second by Pam Matthews and

VOTED: To approve the 2019 Annual Meeting Minutes.

Motion carried.

Chairman Tony Gustin stated the Chairman's report was on page 7 and asked for any questions. Hearing none declared the report received.

Mr. Gustin introduced the Board of Directors.

Chairman Tony Gustin gave a special recognition to former board member Bob Varner. He now serves as a senior advisor to the Board of Directors.

Chairman Tony Gustin stated that the Secretary/Treasurer's Report was on page 8 and asked for any questions. Hearing none declared the report received.

Chairman Tony Gustin stated that the Supervisory Committee Report was on page 9 and asked for any questions. Hearing none, the report was received.

Chairman Tony Gustin introduced President/CEO David Dykes, who discussed the highlights of his report, which was on page 10. Mr. Dykes reviewed the highlights of his report such as: the results from year 2019, staff anniversaries, shared branching, mortgages, tax prep – AARP, and an update on the construction of our new McAlester branch.

UNFINISHED BUSINESS - None

NEW BUSINESS - None

ELECTIONS – Chairman Tony Gustin reported that no election petitions were received. The following board members are hereby re-elected by acclamation: Steve Norman and Tony Gustin.

With no further business, the meeting adjourned at 5:21 p.m.



Ashley Morris

Recording Secretary



VISION STATEMENT

Let's Succeed Together!

MISSION STATEMENT

First Family Federal Credit Union is committed to building life-long relationships by making a positive difference in the financial lives of our members and communities we serve.