

EDUCATION FIRST
FEDERAL CREDIT UNION



ANNUAL REPORT



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BOARD OF DIRECTORS

MR. CHRIS W. BUSCH, *Chairman*

DR. LULA HENRY, *Vice Chairman*

MR. SCOTT CAMPBELL, *Treasurer*

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MRS. DEBORAH A. SCROGGINS

SUPERVISORY COMMITTEE

MR. MATT E. STRAWSER, *Chairman*

MS. LISA H. LAFOSSE

MR. CHRIS W. BUSCH

MR. ANTHONY PAPA

2022

DIRECTOR'S REPORT

Chris W. Busch | *Chairman of the Board*

Welcome to the 71st annual meeting of Education First FCU. Thank you all for being here. Our success depends on the proactive interest and involvement of our member-owners, and we appreciate each and every one of you for making this a priority.

As we continue to adjust to a post-pandemic world, Education First continues to perform quite well, as we will see in the Annual Report for year 2022. Let's look at a few highlights:

- One of the primary indicators of how well our members are receiving the products and services we offer is our growth in assets and membership. Our total assets at year-end were over \$595 million, an increase over 2021 of \$65 million.
- Education First continues to be a well-capitalized financial institution, with a strong net worth ratio of 9.32 percent. To put that in perspective, a net worth position above 7 percent is considered well-capitalized by our regulators.
- In total, our 33,665 members have added more than \$37 million to their savings accounts. With the uncertainty of the current economy, rising food costs, energy and gas costs, and climbing interest rates, this is encouraging! Our hope is that our efforts to offer incentives such as high yield interest options, have played a role in this trend.
- You, the member-owners of this institution, have borrowed more than \$158,793,325 which added more than 7,365 new loans in 2022. Thank you for trusting us for your lending needs!
- As your local, hometown credit union, we are also dedicated to being visible and involved in our local community. Below are a few highlights of our involvement and support last year.
- We donated over \$56,000 to local k-12 schools through our Paying it Forward program.
- Through our Blue Jean Friday Fund, employees donated \$13,149 of their own money to the Crisis Center of Southeast Texas, Harvest House and Sleep in Heavenly Peace.
- Our employees volunteered over 931 hours through the VIP program. This surpassed our 2016 record of 765 hours.
- We delivered 14 financial education seminars in 7 schools.

I'd like to recognize my fellow board members for their dedication to this credit union. United in leadership, we are responsible for ensuring your credit union has a capable, qualified, and transparent management team, and I can say without hesitation that we do. The strength of this board's commitment to the highest standards of governance and management is integral to Education First's well-being, sustainability, and prosperity.

The last several years have presented many changes and challenges, and as we've adapted, together we have proven that we are more than capable of facing any new challenges and opportunities we may encounter in 2023. Thank you, ladies, and gentlemen. I wish you and your families the very best.



PRESIDENT'S REPORT

Kevin M. Conn | *President and CEO*

As you know, the credit union industry is unique in its structure. Our members are also our owners, and we are accountable to them - to you! As a member-owner, you make the decisions and participate with your vote, so thank you for taking time out of your busy schedule to be here and take an active role in your local credit union!

In 2022, we've accomplished many things, but below are a few highlights.

- We completed a \$3 million dollar remodel of our branch on the campus of Lamar University, employing local contractors.
- Launched a brand-new rewards program for our debit and credit cards, totalREWARDS.
- Education First was voted one of the top credit unions to work for nationwide.
- Introduced a tuition reimbursement program to our employees.
- Grew over \$65 million in assets!

And this is certainly not an exhaustive list.

Today we are over \$600 Million in assets. In 2022, we grew over \$65 million. Just for some perspective, as a credit union it took us 30 years just to reach \$100 Million in assets! But unlike Chase, Bank of America, Citi Bank, and Wells Fargo, we are not-for-profit. We are experiencing tremendous growth because we are helping members like yourselves build houses, buy cars, and put your kids through college. And we can do that because unlike banks, our shareholders are our members – YOU are our shareholders – we put those profits back into the credit union, making it a safe place to grow your money, and an affordable way to borrow money.

In addition to nationwide trends in the financial landscape and economy, there have been localized effects felt here in Texas from issues such as the rising food costs, gas and energy, a still competitive but cooling housing market, and climbing interest rates. Education First is aware that these issues present unique challenges for our members, and we're dedicated to continuing to listen to your suggestions and feedback and exploring the best ways to support you as you navigate these circumstances.

Meeting the challenges presented by our current economy, and working to continue to embrace digital technologies and transform into a modern and flexible business that serves our members and our community is a top priority for Education First. We are your credit union, here to serve you, and we couldn't do it without your input and involvement! As our member-owners, you are integral to our success, and we are sincerely grateful that you've chosen Education First as your financial partner.

2022

COMPARATIVE STATEMENT OF CONDITION

ASSETS	2021	2022
Total Loans	292,692,819	358,357,277
Less: Allowance For Loan Losses	(1,447,519)	(1,774,510)
Cash On Hand & In Bank	29,877,410	25,773,346
Total Investments	173,387,477	166,617,952
Land & Building	17,525,574	19,667,247
Other Fixed Assets	2,417,501	2,878,811
Other Assets	24,534,685	24,274,141
Total Assets	538,987,947	595,794,265
LIABILITIES & EQUITY		
Notes Payable	5,000,000	43,129,932
Dividends & Interest Payable	240	240
Accounts Payable & Other Liabilities	8,448,996	6,403,832
Total Shares & Deposits	480,700,612	518,443,024
Regular Reserves	5,877,122	-
Accum Gains/Losses on Pension Plan	(8,886,781)	(27,689,349)
Undivided Earnings	47,847,758	55,506,585
Total Liabilities & Equity	538,987,947	595,794,265
INCOME		
Interest On Loans	12,987,965	14,731,611
Income From Investments	2,545,069	3,653,001
Other Operating Income	11,603,270	10,741,650
Total Income	27,136,304	29,126,262
EXPENSES		
Compensation & Benefits	11,011,006	11,426,356
Travel & Conference	127,381	308,447
Office Occupancy	1,546,627	1,737,152
Office Operations	6,055,175	5,905,815
Education & Promotion	738,665	647,038
Loan Servicing	952,022	1,109,856
Professional & Outside	901,983	887,873
Provision For Loan Losses	734,436	1,695,423
Member Insurance	4,316	11,407
Operating Fees	101,997	88,262
Miscellaneous Expenses	159,355	283,068
Total Operating Expenses	22,332,963	24,100,698
Dividend & Interest Expense	1,939,073	3,243,860
Net Income	2,864,268	1,781,704

2022

SUPERVISORY COMMITTEE REPORT

Matt E. Strawser | *Supervisory Committee Chair*

Independent of the Board, the Supervisory Committee provides a comprehensive audit each year to determine compliance with generally accepted accounting principles and to evaluate internal controls. Our 2022 audit was conducted by CliftonLarsonAllen L.L.P., and their findings indicate that Education First's financial statements are properly prepared and accurately reflect the financial position of the credit union. Your credit union continues to be a very sound financial institution, and your best place to borrow and save.

COMING TO LUMBERTON!



CORNER OF FM 421 AND LHS DRIVE





Education First

— FEDERAL CREDIT UNION —

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