

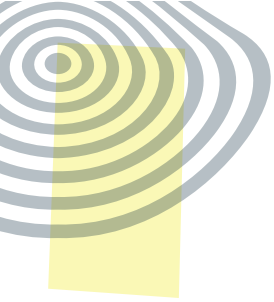


COMMUNITY SERVICE
CREDIT UNION

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ANNUAL REPORT

2021



Welcome to the
Annual Member Meeting
• • • • • • •
April 24, 2021

Agenda

Welcome and Invocation

Ascertainment of Quorum

Call to Order

Appointment of Recording Secretary

Introductions

Approval of the Minutes of the 2020 Annual Meeting

Chairman's Report

CEO's Report

Report from the Nominating Committee

Adjournment

Door Prize Drawings

MINUTES OF THE 2020 ANNUAL MEETING

The Annual Meeting of the membership of Community Service Credit Union was called to order by the Chairman of the Board, Mr. Wayne Scott, on Saturday, May 30, 2020, at 10:00 a.m., virtually in GoTo Webinar. After determining that a quorum was present, Mr. Terry Martin was appointed Recording Secretary.

Mr. Scott welcomed everyone to the 66th Annual Meeting of Community Service Credit Union and introduced the Board of Directors in attendance: Mr. S.O. Woods, Vice-Chairman, Mr. Paul Brown, Secretary, Judge Mike Countz, Treasurer, Mr. John Burney, Mr. Dewitt Oleinik, Mrs. Ferne Frosch, and Mr. Jerry Larrison.

Mr. Scott explained with your safety in mind, as well as the safety of our dedicated board and staff, we chose to conduct this year's meeting virtually. Mr. Scott thanked those attending this meeting. Mr. Scott then presented the Chairman's Report. He stated the board has been and will continue to be committed to the long-term sustainability and prosperity of CSCU. The Board takes responsibility for ensuring that they have an experienced and trustworthy management team and stated with certainty that they do.

Mr. Scott asked if there were any corrections, deletions or additions to the minutes of the 2019 Annual Meeting of Community Service Credit Union. There being none, a motion to approve the minutes of the April 27, 2019 Annual Meeting was approved by a majority.

Mr. Scott reviewed highlights of the Annual Report. Community Service Credit Union performed well in the fiscal year 2019. Our December 2019 assets were \$102,657,925, which was an increase over December 2018 by almost 6%. Regulators consider a net worth position over 7% well-capitalized, and Mr. Scott stated he was very pleased to announce that this year CSCU is yet again a well-capitalized financial institution, with a strong net worth ratio of 11%. Over the course of 2019, our members have added almost \$3 million to their savings accounts. Member-owners of this institution borrowed more than \$45 million in 2019, which added more than 3,000 new loans. Delinquencies remained low last year, which reflects our staffs' ability to make favorable loans, and our members' promises to deliver on their financial obligations. An independent opinion audit was conducted by CPA firm, Nearman, Maynard and Vallez. The financial statements referred to presented fairly, in all material aspects, the financial position of Community Service Credit Union as of September 30, 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Mr. Scott advised it was with deep sadness that we said goodbye to long-term board member, Jack Parker. Mr. Parker's vacancy allowed us to welcome Mr. Jerry Larrison to our board as Associate Director. Mr. Scott expressed confidence that Mr. Larrison's knowledge and experience will be a great asset to the board.

In closing, Mr. Scott expressed his genuine confidence in the leadership of our CEO Brenda Hooker,

, the wisdom and guidance of our esteemed board of directors, the commitment of our dedicated staff, and the support and loyalty of our member-owners. Although the future of our nation, our community, and our organization may look a little different, he is optimistic about any additional challenges we may face this year.

CSCU's Chief Executive Officer, Ms. Brenda Hooker presented the CEO's Report. Ms. Hooker took a moment to define the distinction between not-for-profit, member-owned, and member-directed credit unions and other financial institutions. Ms. Hooker pointed out the benefits of being a credit union member.

Ms. Hooker stated one of the biggest ongoing issues facing consumers in 2019 were data breaches and privacy concerns, because merchants across the country continue to be needlessly vulnerable. Ms. Hooker said the good news is that CSCU suffered no data breaches in 2019, and we continue to make security a priority at CSCU.

Ms. Hooker recognized the staff and their accomplishments while facing the COVID-19 pandemic. She stated our doors closed on March 23, 2020, and all our services were switched over to our drive-thru at our FM 2821 location. At the time, we were not sure what to expect, or how our business would be affected. The financial industry is considered an essential service, so our top priority was to ensure you had access to us, while at the same time adhering to guidelines from local government and keeping our members and staff safe. Staff has proved each week that they can weather whatever we have faced, and will face, during this pandemic. Their commitment to the members, and to the credit union, has made her very proud to lead this organization. Communication has been key throughout this time. Ms. Hooker explained CSCU sent regular updates via email, Facebook, and Instagram, letting our members know about any upcoming changes. COVID-19, unfortunately, resulted in job losses across the nation, and our community was not immune to that fact. Ms. Hooker stated the team has worked tirelessly with our members to assist members facing any loss of income.

In closing Ms. Hooker promised as we move into 2020, CSCU will continue to grow responsibly while listening and responding to member needs.

Mr. SO Woods reported Mr. John Bradley, Mr. Mike Turner and himself served as the nominating committee to fill the vacancies on the board. As chair of the committee in accordance with the bylaws, the expiring terms were posted and interested parties were invited to make application. The applications for the positions were reviewed and the slate of applications were filed with the secretary of the board. The nominees were submitted to the members with instructions on how they may submit an additional nominee by petition. There were no nominations submitted by petition and they presented the slate of nominations as shown to himself, Mr. Mike Countz, Mr. Paul Brown, Mrs. Fern Frosch and Mr. Dewitt Oleinik. Mr. SO Woods, then turned the meeting back of to Mr. Scott for the continuation of the election process. Mr. Scott stated that in accordance with the Credit Unions bylaws he hereby declared the election of the slate of nominees to the respective board positions by acclamation.

Mr. Scott reported that this concluded the business portion of the Annual Meeting. The meeting was adjourned at 10:20.

Terry Martin
RECORDING SECRETARY

CHAIRMAN'S REPORT

Welcome to the 66th annual meeting of Community Service Credit Union.

I want to thank you for joining us virtually again this year, and I commend you for taking an active interest in your credit union.

As you will see in the Annual Report, CSCU did perform well in 2020, with service to members and fiscal responsibility as priorities. Some of the highlights of that report include:

19%

Our December 2020 assets were \$122,293,000 an increase over December 2019 of 19%.

9.78%

CSCU continues to be a well-capitalized financial institution with a strong net worth ratio of 9.78 percent. State regulators and the National Credit Union Association monitor our net worth ratio, and they consider a net worth position above 7 percent well-capitalized.

\$14M

In total, our 11,594 members added almost \$14 million to their savings and checking accounts in 2020. When we see people putting money away for the future, we hope our efforts to provide financial education and easy account monitoring tools, including the ability to transfer to savings right from your smartphone, have contributed to this increase.

\$43M

You, the member-owners of this institution, borrowed more than \$43 million in 2020, which reflects some optimism in our economy and certainly reflects trust in your credit union to help you and your families with your borrowing needs. The credit union continues to experience a lower than average delinquency rate on these loans, reflecting our borrowers' commitment to the credit union.



CPA firm, Nearman, Maynard, and Vallez conducted an independent opinion audit. Our financial statements were determined to have presented fairly and accurately in all material aspects, the financial position of Community Service Credit Union as of September 30, 2020, and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles in the United States of America.

\$1M

In support of the Small Business Administration's (SBA) Paycheck Protection Program (PPP), CSCU became a 7(a) lender to support small businesses in our community with some much needed funding during the pandemic. CSCU is proud to have assisted local businesses with over \$1 million in PPP loans.

Community Service Credit Union reached all of these achievements due to years of intentional, strategic, and sound policies. Our diligent and prudent fiscal management over a long period has afforded us advantages to look toward any future economic storms with confidence. We will continue our commitment to future growth and meeting the changing needs of the membership.

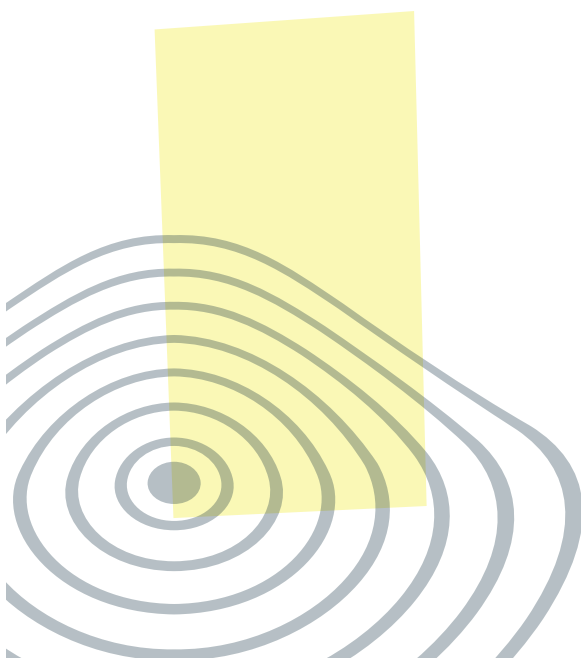
I'd like to pause now to recognize my fellow board members for their dedication to this credit union. United in leadership, we are responsible for ensuring your credit union has a capable, qualified, and transparent management team, and I can say without hesitation that we do.

As the pandemic has proven, every organization must evolve to meet better the challenges of this era. With that in mind, we made one change to the bylaws of the credit union in 2020. Based on our inability to meet in person, the CSCU board of directors elected to allow our board to meet virtually. The board is required to meet face to face at least once each calendar year. If a quorum is present at the in-person meeting, the remaining board members may attend virtually. Even though we made this change, all of our board members are looking forward to the time when we can resume our face-to-face meetings. Hopefully, that time will occur sooner rather than later.

In closing, I'd like to express my most resounding confidence in the leadership of Brenda Hooker, the wisdom and guidance of our esteemed board of directors, the commitment of our dedicated staff, and the support and loyalty of our member-owners. We look optimistically into the future because, as this last year has shown, CSCU is well-positioned to face any challenge and seize any opportunity that presents itself in 2021.

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

Wayne Scott
CHAIRMAN OF THE BOARD



CEO'S REPORT

In April of 1954, members of "The Greatest Generation" and a few from "The Silent Generation" formed this credit union. "The Greatest Generation" and "The Silent Generation" were comprised of people born before 1945. Delivering information back then meant calling someone on a rotary phone or dropping a letter off in the mail. Fast forward to today, and almost everyone has a smartphone with them at all times. Smartphones aren't just telephones. They're also pocket computers. Mobile devices. Certainly, the individuals who established this credit union had no idea that technology and banking would evolve into what it has today. However, you can count on one thing. They expected that this credit union would adapt and continue to help members with their financial needs for generations to come.

How many of us go shopping and look for a 200 pound 20-inch console TV? We don't. They are made even better. How many of us want to put the little channel knob back on the TV so that we don't lose the remote any longer? Candles for lighting? I don't think so. Some of the things we have today, no matter what generational classification you are in, are simply things that we want in our life because they make us happy. We feel good because we have some of these things. But if you ask a different generation, they may have other answers on what they would like versus what is necessary. While we are a long way from 55 members, we are proud to report that in 2020, CSCU became 392 members stronger. The growth and support of the credit union membership during COVID-19 and the lockdown was very good. Not all financial institutions were as agile and ready to adapt to a changed operating mode. The credit union continued to open accounts, make loans, process transactions, and provide member service.

Back to generations, service, and the reason this credit union is here. Have you heard of all the labels we give to the six generations? In addition to the two previously mentioned, we have Boomers, Generation X, Generation Y (also known as Millennials), and Generation Z. As you can imagine, our membership from The Greatest Generation over the years is declining, as many of those members have passed away. This same occurrence is happening in The Silent Generation. The Boomers experienced slight growth in membership from 2019 to 2020. Looking at Generation X, Generation Y, and Generation Z, members born after 1965, the credit union grew by 375 members in 2020. Out of 11,594 members, over half of them belong to this group.

The credit union board and management recognize that banking is simply "different" now than it was 40 or 60 plus years ago. The world was already transforming before

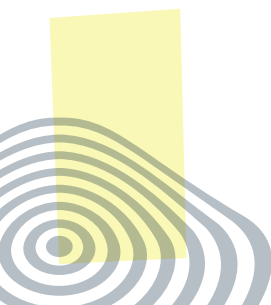
the pandemic, and for us and many others, COVID-19 accelerated some things. In 2020 we were able to:

- Establish Appointment Banking, so members could choose a time to visit one of our branches when it best suited them
- Add 2 staffed video - drive-thru lanes to our Montgomery Road location
- Add video capability to drive-thru locations FM 2821

- Introduce Video Banking, which allows members to visit with one of our team members at a Huntsville location
- Enhance the digital account opening and loan closing processes, which permits members to view and sign documents from any electronic device
- Identify and personally work with any member who had lost their job due to the pandemic
- As we move forward into 2021, we are dedicated to keeping the momentum in creating a small-town financial institution that can rival any megabank.
- CardNavigation was added to CSCU Mobile, giving members a solution to control their debit cards from their phones.
- Construction has begun on our new ATM Plaza at the FM 2821 location. Two new ATMs are replacing the old tired one in the drive-thru at FM 2821. Both of these machines will be able to accept deposits.
- An additional drive-thru lane will replace the old ATM so Texas trucks can drive through with a little more ease than the other three lanes provided.
- Our lobbies are currently undergoing renovations to add more deposit-accepting ATMs. These ATMs will have more functionality after October 1, when CSCU will be changing to a new and improved data processing system.
- Text messaging is near the horizon for members to get answers to questions and stay updated on the latest CSCU news.
- CSCU Online will be getting a much needed upgrade in July 2021 to give members a cleaner, simpler online banking experience.
- In early 2022, Zelle will allow our members to pay another person without exchanging personal banking information.

Our commitment to you is that CSCU will provide banking services through multiple channels and, whenever possible, bring you the new technology you need. Members can continue conducting transactions through CSCU Mobile, CSCU Online, ATM, and our staffed drive-thru. Lobby services will be provided for those matters most important to you with appointments recommended and convenient checkin for walk in account service needs – simply those times when you need to see someone face-to-face to find the best solution. Keep an eye out in your email and social media for more information. We are here for you through video banking, electronic loan applications and loan Closings, and for most account services if you prefer technology. Through it all, CSCU will be there with solutions to help you bank happy, spend smart, and live well. We look forward to helping you to discover new ways to bank. Thank you.

Brenda Hooker
CHIEF EXECUTIVE OFFICER



FINANCIAL REPORT

2020 STATEMENT OF FINANCIAL POSITION

	DEC. 31, 2019	DEC. 31, 2020
ASSETS		
Loans, Net of Allowance	\$79,735,421	\$83,444,940
Cash and Cash Equivalent	\$16,407,297	\$32,241,591
Investments	\$684,598	\$684,598
Accrued Interest	\$231,711	\$240,221
Buildings and Equipment	\$3,800,571	\$3,677,038
National CU Share Insurance Fund Deposit	\$837,201	\$992,022
Other Assets	\$961,127	\$1,012,966
TOTAL ASSETS	\$102,657,926	\$122,293,376

LIABILITIES AND MEMBER DEPOSITS

LIABILITIES

Accounts Payable	\$821,472	\$1,083,432
Other Payables	\$761,498	\$1,008,710
TOTAL LIABILITIES	\$1,582,970	\$2,092,142

MEMBER DEPOSITS

Regular Shares	\$37,195,182	\$44,152,154
Checking	\$25,834,600	\$32,964,116
Certificates of Deposit	\$10,951,971	\$11,114,221
IRA Certificates of Deposit	\$1,974,177	\$1,912,216
Money Market Accounts	\$10,888,153	\$15,151,545
Other Savings, Including IRA Savings	\$1,750,511	\$1,807,538
Brokered Deposits	\$1,142,000	\$1,142,000
TOTAL DEPOSITS	\$89,736,594	\$108,243,790
Reserves and Undivided Earnings	\$11,338,362	\$11,957,444
TOTAL LIABILITIES, MEMBER DEPOSITS, AND RESERVES	\$102,657,926	\$122,293,376

FINANCIAL REPORT

2020 STATEMENT OF INCOME AND EXPENSES

	DEC. 31, 2019	DEC. 31, 2020
INCOME		
Income from Loans	\$4,287,014	\$4,636,910
Income from Investments	\$192,546	\$47,681
Other Income	\$2,897,516	\$2,656,761
TOTAL OPERATING INCOME	\$7,377,076	\$7,341,352
EXPENSES		
Compensation and Benefits	\$2,154,576	\$2,280,986
Training and Conference	\$48,825	\$50,087
Office Occupancy Expenses	\$288,442	\$273,914
Office operations Expenses	\$640,163	\$616,350
Marketing and Education	\$228,505	\$243,441
Loan Servicing, including Collections	\$327,532	\$389,039
Professional Services	\$2,121,152	\$2,371,248
Other Operating Expenses	\$91,265	\$62,377
Provision for Loan Loss	\$220,684	\$271,392
TOTAL OPERATING EXPENSES	\$6,121,144	\$6,558,835
INCOME FROM OPERATIONS	\$1,255,932	\$782,518
NON-OPERATING (GAIN) LOSS	(\$15,793)	(\$198,646)
DIVIDENDS AND INTEREST PAID TO MEMBERS	\$326,929	\$362,082
NET INCOME	\$944,796	\$619,082

Board of Directors

**WAYNE SCOTT
CHAIRMAN**

Term Expires 04/2021

**S.O. WOODS
VICE CHAIRMAN**

Term Expires 04/2021

**MIKE COUNTZ
TREASURER**

Term Expires 04/2023

**PAUL BROWN
SECRETARY**

Term Expires 04/2023

**JOHN BURNEY
DIRECTOR**

Term Expires 04/2021

**FERNE FROSCHE
DIRECTOR**

Term Expires 04/2023

**DEWITT OLENIK
DIRECTOR**

Term Expires 04/2023

**JERRY LARRISON
ASSOCIATE DIRECTOR**

Executive Management

**BRENDA HOOKER
CHIEF EXECUTIVE OFFICER**

37 Years of Service

**MARY DYE
CHIEF RISK OFFICER**

31 Years of Service

**LAURA SHOTWELL
CHIEF GROWTH OFFICER**

15 Years of Service

**JENNIFER GOODALL
CHIEF OPERATIONS OFFICER**

12 Year of Service

**PATSY LINDAMOOD
CHIEF FINANCIAL OFFICER**

9 Years of Service

**JOHN HENDRICKS
CHIEF LENDING OFFICER**

2 Years of Service

Staff with 5+ Years

**CAROL SULLIVAN
SR. LOAN OFFICER**

36 Years of Service

**LISA BYRD
RISK MANAGEMENT ASSOCIATE**

32 Years of Service

**TODD ARMSTRONG
VP OF LENDING**

11 Years of Service

**AMANDA ROSENLUND
LEAD ACCOUNTANT**

8 Years of Service

**LESLIE ZIMMERMAN
RISK MANAGEMENT TITLE CLERK**

8 Years of Service

**ELLEN BLOOM
EXECUTIVE ADMIN ASSISTANT**

8 Years of Service

**VERONICA MCMILLIAN
SR. LOAN OFFICER**

8 Years of Service

**LETI WHEELER
RISK MANAGEMENT ASSOCIATE**

6 Years of Service

**TAEOR PORTELLA
ATM FLEET MANAGER**

5 Years of Service

Staff



**ABBAGAIL SHERLING
ACCOUNTANT**

**AMANDA DUGAS
PERSONAL BANKER**

**CHRIS GONZALEZ
PERSONAL BANKER**

**COURTNEY PATTERSON
PERSONAL BANKER**

**HOLLY BOWLES
SR. LOAN OFFICER**

**KATIE JOHNSON
LOBBY CONSULTANT**

**MADISON MCKENDREE
LOBBY CONSULTANT**

**RENEE BROWN
PERSONAL BANKER**

**SHAY LIGON
PERSONAL BANKER MANAGER**

**TERRY MARTIN
COMPLIANCE OFFICER**

**ALEXANDRA MCKINNEY
DIGITAL SERVICES MANAGER**

**ANGEL MERINO
PLASTIC CARDS MANAGER**

**CHRISTA BRYCE
MARKETING MANAGER**

**DELEE FUGATE
ACCOUNTANT**

**JULIA ELLIOTT
PERSONAL BANKER MANAGER**

**KIRSTI DYE
PERSONAL BANKER**

**MARISSA CANO
PERSONAL BANKER**

**RACHAEL SMITH
PERSONAL BANKER**

**TANNER SIMMONS
PERSONAL BANKER**