

56th ANNUAL MEMBER REPORT

March 22, 2012
Wozniak Hall
St. Louis Catholic Church
6:00 p.m.



TexasHealth
CREDIT UNION

2011/2012 Board of Directors

Harold Broadbent *	Chairman
Joe Serrano *	Vice Chairman
Jeff Taylor **	Secretary
Wendi Bray **	Treasurer
TJ Nissen **	Assistant Treasurer
Lisa Genna **	Membership Officer
Lisa Heino *	Assistant Membership Officer
Nan Updike *	Parliamentarian
Steven McAndrew *	Assistant Secretary

* Term Expires 2013

** Term Expires 2012

Credit Union Management and Staff

Tammy Botkin	President
Jan Scott	Vice-President
Steve Scott	Vice-President
Karen Jackson	Loan Supervisor
Jessica Elizalde	Loan Officer
Josh Beane	Loan Officer
Leslie Harper	Accounting Manager
Kati Eldridge	Accounting Assistant / Compliance Officer
Jose Rodriguez	Operations Support Specialist
Christie Chavez	Lead Member Service Representative
Tangie Lockeby	Member Service Representative
Allie Scheer	Member Service Representative
Shira Herbert	Administrative Assistant / Special Project Coordinator
Louisa Parker	Teller Supervisor
Sandre Gonzales	Teller
Merrit McKelvy	Teller
Martin Motal	Teller

2011 Annual Meeting Minutes

Mr. Harold Broadbent, Chairman of the Board of Directors, called the 55th Annual Meeting of the Texas Health Credit Union to order at 6:32 p.m., on March 8, 2011, at St. Louis Catholic Church Parish Hall in Austin, Texas. A quorum of approximately 148 including the Board of Directors was present.

All members were provided with Annual Meeting packets which contained the Annual Meeting Agenda, the names of the 2010-2011 Board of Directors and the current Credit Union employees, the minutes of the 2010 Annual Meeting, the President's Report, the 2008, 2009, and 2010 year-end Balance Sheets and Income Statements, and information on the five nominees for the Board of Directors.

Mr. Broadbent introduced the current members of the Board of Directors and the nominees for the Director positions. The nominees were Harold Broadbent, Lisa Heino, Steve McAndrew, Joe Serrano, and Nan Updike. Mr. Broadbent asked for nominations from the floor. There were no further nominations. A motion was made and seconded to accept the nominees by acclamation. Motion passed without objections.

Mr. Broadbent recognized Ms. Jessica Elizalde for her 20 years of service to the Credit Union and Ms. Tammy Botkin for 30 years of service to the Credit Union. Both were presented with bouquets in appreciation of their contributions to the Credit Union.

Mr. Broadbent introduced Ms. Tammy Botkin, President of Texas Health Credit Union. Ms. Botkin welcomed the attendees and recognized the late Charter member, Ms. Louise Kyle. Ms. Botkin also recognized the late Mr. John Murphy for his many years of service to the Credit Union. Ms. Botkin recognized former Board members in attendance. Ms. Botkin introduced the Credit Union staff and recognized each employee's years of service to the Credit Union. Ms. Botkin discussed the financial challenges of the last year and informed the members that, unlike many banks, no credit union took any money from the federal government. She explained that credit unions paid their own way by directly funding the National Credit Union Share Insurance Fund from their individual assets. Ms. Botkin reported that Texas Health Credit Union had upgraded its on-line banking program from batch processing to real-time in 2010. She said that the upgrade to real-time on-line banking had enabled the Credit Union to join the Shared Branching Credit Union Network. Ms. Botkin told the members that debt consolidation loans were being offered at reduced rates until the end of March 2011. She pointed out that while banks were raising the rates and fees associated with their credit cards, Texas Health Credit Union had kept the same rates on their credit cards for the last fifteen years with no additional fees. Ms. Botkin thanked the Board of Directors for their dedicated service and for their continued support of the Credit Union. Ms. Botkin reported that the accounting firm of RSM McGladrey conducted the annual audit as of July 31, 2010 with no significant findings.

Mr. Broadbent asked if there were any amendments to the 2010 Annual Meeting Minutes. It was noted that the meeting was incorrectly called the 53rd Annual Meeting rather than the 54th. A motion was made and seconded to approve the Annual Meeting Minutes as amended. Mr. Broadbent asked if there was any unfinished business. There was none from the floor. Mr.

Broadbent asked if there was any new business to be brought before the membership. There was none from the floor.

Mr. Steve Scott conducted the drawing for door prizes. Mr. Broadbent asked if there was further business. Seeing none, the meeting was adjourned at 7:15.

President's Report

Strong earnings coupled with solid loan demand and new member growth made 2011 a great year for Texas Health Credit Union. Our assets grew by over \$5million as banks continued to misjudge customer loyalties and imposed higher fees and tighter credit restrictions that pushed large numbers of fed up consumers to local credit unions. It is estimated that over 900,000 individuals moved from banks to credit unions from September through November of 2011.

As interest rates fell, our popular home equity program grew at a pace that actually caused us to reach regulatory lending caps. We added e-statements to give our members quicker access to their financial information in a format better suited to Austin's environmental consciousness. Shared branching continued to be popular with our members and gives a credit union our size the location advantages of much larger institutions.

2011 also brought a whole new look to our website (www.thcu.org). We worked hard to try and incorporate the changes and features our member feedback supported and give the site a more modern feel. I invite all of you that do not currently use our web based products to explore the convenience that our i-branch online banking and online bill payer provide.

Texas Health Credit Union continues to assist our members with business loans and provide deposit services for small businesses. We offer these services at a much lower cost than banks.

RSM McGladrey, a national audit firm, conducted their annual audit of the credit union as of August 31, 2011 with no significant findings. We are proud to say that our credit union is operating efficiently, managing our expenses and maximizing our earnings.

As in 2009 and 2010, the National Credit Union Administration (NCUA), the regulatory agency for federally insured credit unions, moved to bolster the insurance fund by assessing a premium. Texas Health Credit Union is federally insured by the NCUA and our assessment for 2011 was \$27,158.19.

In spite of the fact that the economy has not fully rebounded, we are fortunate to be part of the credit union community. We are stronger today than we have ever been. Texas Health Credit Union enjoyed both a record growth of new members and record earnings in 2011. People clearly heard the message that credit unions are a better way to bank and took action. Credit unions exist to help people, not solely to make a profit. Our goal is to serve all of our members. Our members are fiercely loyal for this reason. They know their credit union will be there for them in bad times, as well as good. THCU is "People Helping People".

Submitted by: **Tammy Botkin**, *President*

Balance Sheet as of December 31, 2011

	<u>2011</u>	<u>2010</u>	<u>2009</u>
ASSETS			
Loans	45,780,905	43,139,917	42,562,478
Allowance for Loan Loss	(635,535)	(575,139)	(541,495)
Cash	536,711	605,396	570,929
Securities	85,369	238,372	564,714
Investments	17,060,860	14,081,443	9,976,541
Allowance for Overdraft Loss	(2,791)	(3,629)	(1,695)
Land and Building	1,143,407	1,171,859	1,200,310
Other Fixed Assets	122,246	165,296	179,492
Other Real Estate Owned	0	0	0
Prepaid Expenses	161,915	87,004	91,130
Other Assets	623,048	593,103	554,038
Accrued Income	179,982	177,247	191,146
Total Assets	65,056,118	59,680,869	55,347,589
LIABILITIES			
Accounts Payable	293,581	184,195	(39,316)
Accrued Expenses	157,938	139,502	122,585
Taxes Payable	599	55	98
Other Liabilities	53,046	16,060	59,293
Accrued Interest/Dividends	42,228	59,842	91,168
Certificates of Deposit	14,794,052	14,171,542	13,294,629
Checking Accounts	10,839,978	9,998,327	9,370,120
IRA Accounts	1,695,898	1,570,565	1,480,581
Health Savings Accounts	1,441	521	1,592
Regular Share Accounts	15,081,669	15,091,213	14,599,179
Other Savings Accounts	15,794,500	12,798,090	10,984,507
Business Deposit Accounts	647,725	565,506	637,784
Regular Reserves	1,384,759	1,384,759	1,384,759
Undivided Earnings	4,268,704	3,700,692	3,360,609
Total Liabilities	65,056,118	59,680,869	55,347,589

Income Statement as of December 31, 2011

INCOME			
Income from all Loans	2,806,281	2,860,742	2,635,146
Investment Income	133,414	190,055	459,779
Total Fee Income	168,569	184,953	194,948
Miscellaneous Operating Income	283,697	268,458	247,308
Total Income	3,391,962	3,504,209	3,537,181
EXPENSE			
Employee Compensation and Benefits	1,047,587	1,017,261	950,296
Training and Travel	8,304	15,604	8,329
Office Occupancy	116,626	125,744	114,047
Office Operations	378,877	366,362	340,168
Marketing	23,786	24,991	22,316
Loan Servicing	205,455	177,318	164,250
Professional & Outside Services	139,596	106,422	124,964
Provision for Loan Loss	358,039	432,356	833,954
Provision for Overdraft Loss	-731	3,358	1,023
Provision for Investment Loss	0	0	177,665
Operating Fees	172,979	102,915	-60,950
Interest on Borrowed Money	140	26	2,968
Miscellaneous Operating Expense	50,610	60,140	44,089
Total Expense	2,501,269	2,432,496	2,723,120
Non-Operating Income	2,252	275,684	-233,711
Dividends on All Accounts	320,430	455,946	685,694
Net Income (Loss)	568,011	340,083	362,077
Total Number of Members	5,787	5,707	5,726

Services Available

Savings Accounts
Checking Accounts
Business Accounts
CDs/IRAs
Money Market Accounts
Car/Truck Loans
Line of Credit Loans
Vacation/Holiday Loans
Home Equity Loans
Business Loans
MasterCard/MasterCard Gold
ATM/Debit Cards
Over 300 Local No Service Charge ATMs
Free Online Banking
Free Online Bill Payer
Audio Response
Safe Deposit Boxes
Wire Transfer
Saturday Drive-Thru Hours
Member of the Shared Branching Network

Our Mission Statement

The Texas Health Credit Union is dedicated to providing its members a variety of affordable financial products and services in a personal and professional manner. We are committed to meeting the changing needs of our members and are dedicated to the philosophy of “People Helping People”.

Adopted by the Board of Directors – 11/18/93





Street Address: 4800 Grover Ave.

Mailing Address: P.O. Box 4003

Austin, Texas 78765-4003

Lobby Hours

Mon-Fri: 9 a.m. to 4 p.m.

Drive-Thru Hours

Mon-Fri: 7:30 a.m. to 5:30 p.m.

Sat: 9 a.m. to 12 p.m.

Telephone

Direct Line: 454-4636 (Austin)

Toll Free Line: 1-800-545-1771

Fax Line: (512) 454-2925

QuickChek Audio Response:

454-7316 (Austin)

1-800-833-2038

Web Site / Online Banking

www.thcu.org

ATM Locations

Texas Health Credit Union

4800 Grover Avenue

Whole Foods Market

9607 Research Blvd.

Department of State Health Services

1100 W. 49th Street

*All Austin Alliance of Credit Unions ATMs
and Select ATMs*

