



**MEMBERS TRUST**

OF THE SOUTHWEST

**FEDERAL CREDIT UNION**

# 2016 ANNUAL REPORT

Experience the **CREDIT UNION** difference.



# President's Message

As we move past our 80th anniversary year, we experienced a lot of changes and accomplishments in 2016. Again we were fortunate to have another successful year, in many respects.

First, we finally moved into our new building in August, followed by the demolition of the old building and construction of a new parking lot. This parking lot was completed after the first of the year, but since the majority of the work and move was complete in 2016, it was a big year of change for our Houston staff and members.

Second, we also completed a parking lot expansion at our Stephenville office. On busy days, employees parked on the grass to leave more parking spaces for our members, so this is a welcome addition, particularly on wet, boggy days.

Last, in September and October, we conducted intensive staff training for migration to a new data processing system. On November 1, 2016, we converted from the Galaxy Fiserv system that we used for over 20 years to our new Keystone Correlation system. We think this cutting edge technology will serve us very well for many years to come.

While all of these were significant changes for our staff and for our members, we are confident they were positive changes for the future of our credit union. As with any change, there is a learning curve. It takes time and effort to take advantage of these upgrades. I congratulate our staff for all their extra effort and thank our members for your patience, as we worked through these changes.

Members Trust continues to grow and gain strength in both assets and members. We started the year at just under \$99 million in assets and we ended the year at over \$109 million. So we continue to grow at a good pace. Even with asset growth over 10%, we were able to maintain a strong capital ratio of 9.29% due to our earnings ratio or return on assets of .72% for the year. These numbers are the result of our membership utilizing the credit union and the hard work of our employees. Speaking of members, membership has continued to grow as well. Our membership growth was down a little last year from the previous year but remained a healthy 3.02% growth rate while our peer group was 2.24%.

What does the future hold for MTFCU? I think of Yogi Berra and his quote, "The future ain't what it used to be." While I do not know what the future holds for any of us, I'm confident it will be different. Technology and the way we do things continue to evolve and we must work hard to balance delivering outstanding personal service while providing cutting edge technology. We also must do this in a safe and sound manner – a complicated formula but critical to future success.

Your board and management team are forward thinking, in an effort to anticipate what adjustments we need to make so that we remain relevant and competitive. One thing on the horizon is an expansion to our Stephenville office. We have run out of space to place additional employees, to meet member needs. So our intention is to make some headway on this expansion project during 2017.

While I have mentioned this before, credit union growth is needed in today's economy of scales, to provide competitively priced financial services. Each time we add or enhance a product, there is a related cost and the more members we have sharing that cost, the better. So, there are some benefits to steady growth.

I would like to thank our board and supervisory committee members for their valuable contributions to the success of Members Trust. As a reminder, they serve in these capacities without pay. Thanks also to our members, for your continued loyalty.

*Sincerely*

---

**BRIAN C. GILBERT**  
**PRESIDENT / CEO**

---



# Supervisory Committee Report

The Supervisory Committee is comprised of three members who are appointed by the Board of Directors and currently includes, Leslie Schultz, Jorgen Jorgensen and me. This committee is charged with overseeing that Members Trust FCU is operated in a safe and sound manner. This is an increasingly large responsibility as the credit union grows and serves more members with increasingly complex services.

The Supervisory Committee hired an audit team to conduct the annual audit in 2016. The auditors were from Credit Union Resources, Inc., Financial and Technology Resources which is a subsidiary of the Cornerstone Credit Union League. The audit date period was from November 1, 2015, through October 31, 2016. I am happy to say that this audit revealed the “overall records and operations of the credit union were found in good condition and all noted exceptions were minor.” In addition, to the external annual audit, internal audits are conducted quarterly and compliance audits are conducted semi-annually.

Supervisory Committee Members attend and provide input at each board meeting; however, we do not vote on credit union issues. We meet with NCUA Examiners as required, along with the board of directors. With the continued complexity of services that Members Trust provides to our members, it is imperative that we provide a safe and sound financial environment for our members. I am confident that with the audit and review processes we have in place, your funds are safe and secure.

It is a pleasure to serve with the board and my fellow committee members.

*Sincerely*

**MARGARET “MEG” MOORE  
CHAIRMAN**

# Financial Statements

## BALANCE SHEET

ASSETS	2016	2015
Loans	79,589,509	63,631,195
Less Allowance for Loan Losses	(513,350)	(836,298)
Net Loans	79,076,160	62,794,897
Cash	1,016,015	1,366,277
Investments	21,344,426	28,998,760
Land, Building and Equipment	3,850,615	2,381,964
NCUAIF	888,364	843,517
Assets Acquired in Process of Liquidation	0	0
Other Assets	3,113,732	1,984,462
<b>Total Assets</b>	<b>109,289,312</b>	<b>98,369,877</b>
<b>LIABILITIES</b>		
Total Borrowings	0	0
Accounts Payable	882,370	940,185
Dividends Payable	11,181	221
<b>Total Liabilities</b>	<b>893,552</b>	<b>940,406</b>
<b>EQUITY</b>		
Member Shares	99,844,505	89,717,389
Member Capital	10,157,312	9,407,254
Other Unrealized Gain/(Losses)	(1,606,057)	(1,695,172)
<b>Total Equity</b>	<b>108,395,760</b>	<b>97,429,471</b>
<b>Total Liabilities &amp; Equity</b>	<b>109,289,312</b>	<b>98,369,877</b>

## INCOME & EXPENSE STATEMENT

INCOME	2016	2015
Interest on Loans	3,185,368	2,906,225
Interest on Investments	437,176	474,660
Other Income	935,583	869,919
<b>Total Income</b>	<b>4,558,127</b>	<b>4,250,804</b>
<b>EXPENSES</b>		
Operations Expenses	3,300,318	2,817,810
Provision for Loan Losses	(100,825)	178,752
Miscellaneous Expenses	36,162	30,927
<b>Total Expenses</b>	<b>3,235,655</b>	<b>3,027,489</b>
Less: Interest on Borrowed Money	(44)	(11)
Less: Dividends Paid to Members	(626,824)	(534,782)
Disp. of Fixed Assets	(278)	(35)
Gain or Loss Sale of Investments	54,732	13,675
NCUA Stabilization Expense	0	0
<b>NET INCOME</b>	<b>750,058</b>	<b>702,162</b>





# MEMBERS TRUST

OF THE SOUTHWEST

FEDERAL CREDIT UNION

## BOARD OF DIRECTORS

Kevin Kleb, Chairman  
Johnny Leibham, Vice Chairman  
Margaret "Meg" Moore, Secretary  
Don Bornemann, Director  
Wayne Benfer, Director  
Clarence Helfrich, Director  
Henry Schmidt, Director

## SUPERVISORY COMMITTEE

Margaret "Meg" Moore, Chairman  
Leslie Schultz  
Jorgen Jorgensen

## CREDIT UNION MANAGEMENT TEAM

Brian C. Gilbert, President/CEO  
Liliana Canga, Vice President/CFO  
Mark Button, Operations/Technology Manager  
Karen Kime, Branch Manager, Stephenville

## HOUSTON OFFICE

2315 Mangum Rd  
Houston, TX 77092  
Phone: 713-681-0339

## STEPHENVILLE OFFICE

2311 Northwest Loop  
Stephenville, TX 76401  
Phone: 254-968-8543

## TOLL-FREE NUMBER

(800) 683-6455

## TELEVOICE AUDIO RESPONSE

(800) 315-0553

## WEBSITE

[www.mtfcu.coop](http://www.mtfcu.coop)

## MISSION STATEMENT

Members Trust FCU is dedicated to the philosophy of "members helping members" by providing quality financial services.



[www.MTFCU.coop](http://www.MTFCU.coop)



Federally Insured by NCUA