

2019 Annual Report

ANNUAL MEETING

Once a Member | **Always** a Member



MEMBERS TRUST
OF THE SOUTHWEST
FEDERAL CREDIT UNION

President's Message

As we look back on 2019, we have again been fortunate in membership growth and asset growth, as well as, having adequate income to support this growth. There are several things I think are very important for long-term credit union success.

First, it is important to provide financial services to our members at a competitive price. Going back to our founding principle of members helping members, the credit union is merely the conduit to let depositing members provide liquidity to borrowing members and provide both at a fair market rate. We cannot ignore the market pressures on either side of the balance sheet as members always have the option to take their business elsewhere, if they can get a better deal.

Second, it is also important to provide these services with a positive attitude and friendly service. After all, we work for our members so we should strive to satisfy you - our bosses. Now, that does not mean we can meet every request, as we are required to operate within sound operating principles and guidelines, to maintain a safe and sound financial institution. But overall, we strive to help our members achieve financial success.

Third, in a very competitive and rapidly changing world, we are challenged with offering these services safely and efficiently. Over the last several years, we have invested a great deal of money in our operating systems to provide products and services on par with much larger financial institutions. We make these investments so we can provide member service in the most efficient manner possible, while maintaining the safety of our member information. We will continue to develop and offer cutting edge services as we move into 2020 and beyond.

Finally, we must maintain positive income to both provide affordable products and services and set aside money for reserves. One key ratio to measure the strength of a financial institution is its capital ratio. NCUA defines a well-capitalized credit union as one with a net worth/asset ratio of 7% or greater. At year-end, MTFUCU had a net worth ratio of 8.32%. While this is good, our strong growth over the last ten years dilutes our net worth to asset ratio. The only way we can increase our net worth is by retained earnings. Having said this, I feel that asset and member growth is also important, to help us gain some efficiency from size and scale. We gain efficiency when we can spread expenses for services over more members and/or assets. While this is important, we never want to sacrifice member service in the process.

At Members Trust, we are being diligent in each of these areas. We have a great team of employees who make all the difference whether working directly with our members or working behind the scenes. In addition, our members are the most important piece of the whole machine. You are the reason that we exist, and you are also our best marketing, by sharing your Members Trust experience with others. Thank you to our Board of Directors, employees, and members for your continued loyalty and support and best wishes for a healthy and successful 2020.

Sincerely,

Brian C. Gilbert
President / CEO



Our Mission

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

Supervisory Committee Report

Appointed by the Board of Directors, the Supervisory Committee ensures that a comprehensive audit program is established and implemented in accordance with all credit union rules and regulations. The committee is also responsible for ensuring that management adheres to policies established by the Board of Directors and maintains a strong internal control system. The current Supervisory Committee is comprised of Jorgen Jorgensen, James Harle and me.

The Supervisory Committee contracted with Credit Union Resources, Inc., Financial and Technology Resources which is a subsidiary of the Cornerstone Credit Union League, to conduct the 2019 annual audit. The audit dates period was from November 1, 2018, through October 31, 2019. The results of the audit indicate that the financial statements accurately represent the results of the operations and financial position for this period. No material weaknesses in internal controls were reported.

In addition to the external audit and regulatory examinations, the credit union Supervisory Committee members also attend and provide input at each board meeting; however, we do not vote on credit union issues.

With the continued complexity of the services that Members Trust provides to our members, it is imperative to confirm we are providing a safe and sound financial environment for our members. As the credit union grows, we will continue to work with management and the Board, to build a strong risk management program to ensure Members Trust remains a trusted financial partner for our members.

It is a pleasure to serve with the Board and my fellow committee members and we thank you for your membership.

Sincerely,

Leslie Schultz
Chairman

Financial Statements

Balance Sheet

Assets	2019	2018
Loans	112,780,420	102,409,828
Less Allowance for Loan Losses	(386,566)	(387,449)
Net Loans	112,393,854	102,022,379
Cash	7,233,642	5,279,059
Investments	29,702,750	29,993,889
Land, Building and Equipment	4,433,969	4,360,569
NCUAIF	1,302,264	1,138,286
Other Assets	4,944,313	3,409,833
Total Assets	160,010,792	146,204,015
Liabilities		
Total Borrowings	0	0
Accounts Payable	985,540	772,290
Dividends Payable	1,580	24,752
Total Liabilities	987,120	797,042
Equity		
Shares	148,033,230	135,270,902
Member Capital	13,327,722	12,172,372
Other Unrealized Gain/(Losses)	(2,337,280)	(2,036,301)
Total Equity	159,023,672	145,406,973
Total Liabilities & Equity	160,010,792	146,204,015

Income & Expense Statement

Income	2019	2018
Interest on Loans	5,429,657	4,520,494
Interest on Investments	787,692	712,663
Other Income	1,212,372	1,252,729
Total Income	7,429,721	6,485,886
Expenses		
Operations Expenses	3,941,553	3,732,750
Provision for Loan Losses	131,972	65,396
Miscellaneous Expenses	53,285	41,131
Total Expenses	4,126,810	3,839,277
Less: Interest on Borrowed Money	0	(664)
Less: Dividends on Shares	(2,161,027)	(1,371,725)
Disp. of Fixed Assets: Gain/(Losses)	(598)	57,223
Gain or Loss Sale of Investments	0	1,254
NCUA Stabilization Expense	14,064	0
NET INCOME	1,155,350	1,332,697



Board *of Directors*

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

Supervisory *Committee*

Leslie Schultz, Chairman
Jorgen Jorgensen
James Harle

Credit Union *Management Team*

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

www.MTFCU.coop

Houston Office

2315 Mangum Road, Houston, TX 77092
713.681.0339

Stephenville Office

2311 Northwest Loop, Stephenville, TX 76401
254.968.8543

Toll-Free Number • 800.683.6455



Federally
Insured
by NCUA