

2023

Annual Report

& 2023 Annual Meeting Program



STAR Financial Credit Union

Tuesday, April 25, 2023



Agenda






Meeting Begins.....	5:30PM
Welcome	Hector Saenz, Board Chair
Introduction of the Board of Directors.....	Hector Saenz, Board Chair
Management Staff and Introductions.....	Lester Warby III, President CEO
Introduction of the Audit Committee.....	Lester Warby III, President CEO
Call to Order.....	Hector Saenz, Board Chair
Approval of Minutes - April 19, 2022.....	Derrick Escobedo, Secretary
Treasurer’s Report.....	Randy Wilson, Treasurer
Supervisory Committee Report.....	Carolyn Rice, Audit Committee Chair
Announcement of Election Results.....	Lester Warby III, President CEO
Unfinished Business.....	Lester Warby III, President CEO
New Business, Questions from the Membership.....	Lester Warby III, President CEO
Drawing for Giveaways.....	Megan Banta, Marketing & NBD
Adjournment	Hector Saenz, Board Chair

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Board Of Directors

Hector Saenz.....Board Chair
 Randy Wilson..... Treasurer
 Derrick Escobedo..... Secretary
 Gil Gomez Jr..... Director
 Andrew Henicke..... Director

			
<p>Hector Saenz Board Chair</p>	<p>Randy Wilson Treasurer</p>	<p>Derrick Escobedo Secretary</p>	<p>Gil Gomez Jr. Director</p>
			
<p>Andrew Henicke Director</p>			

Executive Team

Lester Warby III..... President & CEO
 Judy Martinez.....Accounting Manager
 Lauren Webster.....Human Resources Manager & Executive Assistant
 David Zacher..... Lending Manager
 Megan Banta.....Marketing and New Business Development Specialist

				
Lester Warby President/CEO	Judy Martinez Accounting Manager	Lauren Webster Human Resources Manager & Executive Assistant	David Zacher Consumer Lending Supervisor	Megan Banta Marketing & New Business Development Specialist

Team Members - McKinzie Branch

Natalie Sestak..... Acting Branch Manager
 Kandi Salas..... Branch Manager
 Mikaella Alvarado..... Member Service Representative
 Lonora Mcdonald..... Member Service Representative
 Vonnie Munoz.....Senior Member Service Representative
 Erika Newton..... Member Service Representative
 Jessica Noriega..... Member Service Representative
 Gloria Oliveira..... Member Service Representative
 Alexandria Villanueva..... Member Service Representative
 Lauren Webster..... Human Resources / Executive Assistant
 Kristen Delgado..... Risk & Compliance Supervisor
 Jerad Harper..... Information System Specialist
 Amanda Trevino..... Senior Loan Officer
 Hope Iglesias..... Accounting Assistant
 Maria Traynor..... Accountant
 Dana Martinez..... Senior Accountant

Holly Branch

Andrea Sanchez.....	Branch Manager
Leticia Alvarado.....	Senior Member Service Representative
Ashley Garcia.....	Member Service Representative
Marcus Silva.....	Member Service Representative
Desiland Almaguer.....	Member Service Representative
Marcus Silva.....	Member Service Representative
Valicity Valverde.....	Member Service Representative
Michael Serda.....	Scanning Clerk
Denise Vega.....	Accounts Recovery Specialist
Willie Rodriguez.....	Loan Supervisor

A message from the Board Chair

Your Board of Directors is dedicated to ensuring the safety and soundness of our credit union. Though the effects of the challenging and ever-changing economic times continue to be felt around the Greater Coastal Bend Region, STAR Financial Credit Union not only remains financially healthy, we continue to grow and improve. 2022 was an exciting and challenging year for our organization. Covid is still around, the Federal Reserve continues to raise interest rates and international tensions remain high. Despite all of this, 2022 help pave the path for 2023 and beyond.

In 2021, STAR Financial Credit Union booked \$11.6 million in new loans, and unlike the big banks that only prefer to lend only to customers with the best credit scores, A significant portion of our loans went to our Members that couldn't qualify for loans with the big banks. These loans totaling more than \$14.4 million in 2022, went to our Members who need it the most.

We remain grounded by our roots in the community, never forgetting where we started in 1959. Unlike banks, who solely care about your money, we care about our community. For 63 years we have been a part of this community. Our staff not only works here, but they also live here. We are all dedicated to seeing our community grow and thrive.

You will continue to see us in the community always helping to give back. COVID-19 had restricted much of our community involvement, but we are doing all we can to support our community. Driscoll Children's Hospital, another worthy organization, rooted in our community continues to be our adopted charity. The work they do for Texas children, right here in Corpus Christi, is worthy of our support.

Our mission is to exceed the expectations of our members.

"We are committed to creating lifelong relationships with our members through exceptional service and financial products."

With the continued initiative and leadership from our Board of Directors, The Executive Team, and our employees, we will see our vision through.

"To become our members' preferred partner for their everyday financial needs."

The Board of Directors, the Executive Team, and its employees are excited and optimistic about the future of STAR Financial Credit Union. We will continue to thrive and grow with your continued loyalty and support. That allows us to serve more of our Corpus Christi community members and reach beyond.

Thank you.

Sincerely,

A handwritten signature in blue ink that reads "Hector Saenz," with a stylized flourish at the end.

Hector Saenz
Board Chair
STAR Financial Credit Union

April 19, 2022 Annual Meeting Minutes

STAR Financial Credit Union

2022 Annual Meeting Minutes

April 19, 2022

This year's Annual Meeting was held virtually this year via Microsoft Teams.

Chair H. Saenz welcomed everyone to the meeting and introduced the Board of Directors.

Mr. Warby then welcomed everyone and introduced the Management and staff of the credit union.

The Annual meeting was called to order by Vice Chair Hector Saenz at 5:25 p.m.

The following Directors were present: R. Wilson, and D. Escobedo, and H. Saenz, G. Gomez

Absent:

Also present were: **Supervisory Committee:** R. Gil, **Staff:** L. Warby, C. Dziuk, D. Zacher, K. Czajkowski, P. Hernandez, and S. Garza

Chair H. Saenz called for the Approval of the April 27, 2021 Annual Meeting Minutes.

A motion was made to approve the minutes by Mr. D. Escobedo

The motion was seconded by: Mr. H. Besusugs.

The motion carried

Treasurer Mr. R. Wilson presented the Treasures report.

Chair H. Saenz called for the Approval of the Treasures Report.

A motion was made to approve the Report by Mr. Rudy Gill

The motion was seconded by Mr. H. Besusugs

The motion carried

President / CEO Mr. Warby presented the Supervisory Committee Report.

Chair H. Saenz called for the Approval of the Supervisory Committee Report.

A motion was made to approve the Report by D. Escobedo

The motion was seconded by Ms. P. Estrada

The motion carried

Chair H. Saenz presented the slate of candidates, H. Saenz and N. Amador. Ms. N. Amador has declined re-election. Mr. G. Gomez was appointed to the Board Previously and is running for an open position.

Mr. Saenz asked for nominations from the floor and there were none. Mr. Saenz then presented the election results; re-election of himself, and the election of Mr. G. Gomez.

H. Saenz called for the Approval of the Election Results.

A motion was made to approve the results by Mr. G. Gomez

The motion was seconded by Mr. R. Gil

The motion carried

April 19, 2022 Annual Meeting Minutes

STAR Financial Credit Union

2022 Annual Meeting Minutes

April 19, 2022

H. Saenz called for any unfinished business, there was none.

Mr. H. Saenz call for any new business.

There were questions regarding if the Annual Meeting would be held in person in the future. Mr. Saenz explained that our next meeting (April 25, 2023) would be held in person if it is safe to do so. The health and safety of our Membership is a significant consideration, which is why this year's Annual Meeting was being held remotely, as many Credit Union Annual Meeting were this year.

There was a question regarding replacing the branch at Buffalo. Mr. H. Saenz explained that we are continuing to look for a location for either a branch or an ATM.

Mr. P. Hernandez conducted the raffle for prizes.

Mr. H. Saenz Called for a motion to adjourn the meeting.

A motion was made to adjourn the meeting by Mr. R. Wilson

The motion was seconded by Ms. P. Estrada

The motion carried.

Meeting Adjourned at 5:58PM



Treasurer's Report

Treasurer's Report December-22

LOAN STATISTICS:

<u>December</u>	<u>#LNS</u>	<u>AMOUNT</u>	<u>November</u>	<u>#LNS</u>	<u>AMOUNT</u>	<u>DIFFERENCE</u>	
						<u>#LNS</u>	<u>AMOUNT</u>
SECURED	999	21,516,731	SECURED	991	21,359,866	8	156,865
FIRST-TIME AUTO	9	109,079	FIRST-TIME AUTO	8	93,756	1	15,323
SIGNATURE	465	1,093,372	SIGNATURE	435	1,038,384	30	54,988
SIMPLE LOANS	223	181,588	SIMPLE LOANS	221	180,015	2	1,573
HOME EQUITY	15	449,796	HOME EQUITY	15	457,392	0	-7,596
MASTER CARDS	391	729,194	MASTER CARDS	392	722,923	-1	6,270
UPGRADE	127	729,919	UPGRADE	127	765,826	0	-35,906
PARTICIPATON	10,799	3,184,348	PARTICIPATON	11,521	3,392,316	-722	-207,969
TOTAL LOANS	13,028	\$27,994,027.10	TOTAL LOANS	13,710	\$28,010,479.19	-682	-\$16,452.09

PRIVILEGE PAY	36	\$12,594.09	PRIVILEGE PAY	44	\$13,796.76		-\$1,202.67
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AVERAGE LOAN

SECURED	21,538
FIRST-TIME AUTO	12,120
SIGNATURE	2,351
SIMPLE LOANS	814
HOME EQUITY	29,986
MASTER CARDS	1,865
INDIRECT	5,747
PARTICIPATION	295
TOTAL	2,149

DEPOSITS	46,798,548
AVERAGE DEPOSIT	10,058

MASTER CARDS	DECEMBER	NOVEMBER	CHANGE
Issued cards	680	685	-5

MEMBERS	DECEMBER	NOVEMBER	CHANGE
	4,653	4,600	53

Respectfully Submitted,

Randy Wilson
Treasurer

Supervisory Committee Report

The Audit Committee serves independently from the Board of Directors, management, and staff to ensure the credit union's financial condition is accurately stated and that STAR Financial Credit Union remains a viable financial institution.

In order to fulfill that responsibility, an independent audit of STAR Financial Credit Union's financial condition is obtained on an annual basis, surprise cash counts are performed, and a member account verification is performed biennially.

The committee engaged Harold Antao & Company, LLC. To perform the 2022 Audit of the financial statements and the audit for Bank Secrecy Act for the period of April 1, 2021 through March 31, 2022. SWACHA performed the 2022 compliance audit for Automated Clearing House activities. The Credit Union Department of the State of Texas also conducts an examination of the credit union at least once every eighteen months.

STAR Financial Credit Union was found to be financially safe and sound and continues to operate within the applicable rules and regulations.

Carolyn Rice

Audit Committee Chair



Election Report

The Nominating Committee was asked to presented three nominations to fill two expiring Board terms and one vacant position. The nominating committee having received no external nominations, presented, in accordance with our by-laws, the two incumbents for reelection and our appointed Board member Mr. Andrew Henicke. There were no additional nominations, therefore, ballots were not required.

The results of the Board of Director's elections for the 2 Director's terms that expired are: Randy Wilson & Derrick Escobedo. The open Board position will be filled by Andrew Henicke.

The Board of Director's whose terms had not expired are as follows: Hector Saenz, and Gil Gomez.

The Board of Director's will be sworn in by taking the Oath of Directors.

2022 Summary Financial Statements

Balance Sheet – ASSETS

ASSETS

Loans, Notes, & Contracts Receivable:

Loans to Members	26,536,964
Simple Loans	181,588
First-Time Auto Buyers	109,079
Home-Equity Loans	449,796
Mastercard Loans	729,194
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Subtotal	28,006,621
Less: Allowance for Loan Losses	(327,181)
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Total	27,679,441

CASH ON HAND & IN BANKS:

Cash in Banks	785,027
Cash on Hand	1,573,561
Settlement Accounts	(464,908)
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Total	1,893,680

INVESTMENTS:

Catalyst Corporate CU	128,150
Eascorp/Easesweep	1,163,713
Investment Certificates	19,083,000
NCUSIF	471,383
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Total	20,846,245

Accrued Interest on Loans	75,162
Accrued Interest on Investments	95,405
Other Accrued Income	15,677
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Total	186,245

2022 Summary Financial Statements

Balance Sheet - ASSETS

PREPAID AND DEFERRED EXPENSES:

Prepaid Expenses And Fees	83,878
Deferred Expenses	
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Total	83,878
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FIXED ASSETS:

Land	879,250
L/H Improvements	379,636
Dep. L/H Improvements	(111,122)
Furniture & Equipment	883,014
Dep. Furniture & Equipment	(597,889)
Buildings	2,031,247
Dep. Buildings	(539,233)
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Total	2,826,922
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OTHER RECEIVABLES:

Other Accounts Receivable	0
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Total	0
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OTHER ASSETS:

	0
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*TOTAL ASSETS	\$53,787,740
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2022 Summary Financial Statements

Balance Sheet - LIABILITIES

LIABILITIES

Accounts Payable	1,208,370
Dividends Payable	0
Taxes Payable	3,863
Accrued Expenses	161,300
Deferred Credit	122,375
Other Liabilities	27,021
TOTAL LIABILITIES	1,522,929

EQUITY

SHARES OF MEMBERS:

Regular Shares	27,162,537
Holiday Club	78,393
Money Market	4,187,024
IRA Special Savings	440,309
IRA Certificates	1,931,059
Roth IRA Savings	28,369
Share Certificates	1,931,059
Share Drafts	8,977,751
Classic Checking	1,542,747
Small Business Checking	183,856
Member Market	3,488,177
Business Share	180,945
Trust	1,146
Escrow	0.00
Mastercard Sweep	0.00
Total	46,798,548
Regular Reserves	1,355,625
Undivided Earnings	4,110,638
Net Income (Loss) This Year	(181,549)
TOTAL MEMBERS EQUITY	\$ 5,466,263
TOTAL LIABILITIES AND CAPITAL	\$46,049,302

2022 Summary Financial Statements

Statement of Income

INCOME

OPERATING INCOME:	MONTH TO DATE	YEAR TO DATE
INTEREST ON LOANS	145,355	1,642,747
INTEREST ON MASTERCARD	<u>5,417</u>	<u>63,036</u>
NET LOAN INTEREST INCOME	150,772	1,705,783
INCOME FROM INVESTMENT	43,685	329,900
FEES AND CHARGES	40,116	453,473
MISC. OPERATING INCOME	<u>30,241</u>	<u>462,663</u>
TOTAL OPERATING INCOME	264,815	2,951,819

2019 Summary Financial Statements

Statement of Income

EXPENSES

OPERATING EXPENSES:	MONTH TO DATE	YEAR TO DATE
COMPENSATION	99,004	1,068,436
EMPLOYEE BENEFITS	21,974	249,462
TRAVEL AND CONFERENCE	6,598	26,993
ASSOCIATION DUES	1,140	11,599
OFFICE OCCUPANCY	23,930	239,741
OFFICE OPERATIONS	26,468	321,583
EDUCATION & PROMOTION	1,428	39,001
LOAN SERVICING	7,160	83,712
PROFESSIONAL AND OUTSIDE SRVCS	42,273	426,214
PROVISION FOR LOAN & OTHER LOSSES	48,288	411,913
OPERATING FEES	972	9,201
CASH OVER & SHORT	0	(606)
ANNUAL MEETING EXPENSE	110	1,320
MISC. OPERATING EXPENSE	21,795	61,397
 TOTAL OPERATING EXPENSE	 301,142	 2,949,967
 GAIN (LOSS) FROM OPERATING	 0	 0
 LESS: DIVIDENDS	 15,556	 183,401
 INCOME FROM OPERATIONS	 (51,883)	 (181,549)
 NCUA INSURANCE SPECIAL ASSESSMENT	 0	 0
 GAIN (LOSS) ON DISPOSITION OF ASSETS	 0	 0
EXTRAORDINARY GAINS AND LOSSES	0	0
 NET INCOME (LOSS)	 (51,883)	 (181,549)