

2022 ANNUAL REPORT

ABILENE TEACHERS FEDERAL CREDIT UNION

CHAIRMAN'S REPORT

Abilene Teachers FCU emerged cautiously from the COVID pandemic during 2022, having learned new ways of doing things. We discovered that innovation sometimes can be defined as "scrambling till you get it right". We gave thanks for a robust digital banking system that served as a member lifeline during the uncertain months. We all added a new phrase – supply chain issues- to our vocabulary. Most importantly, we learned that flexibility must be a key consideration in future operational decisions.

Giving back to our communities continues to be an important priority for the Board. Notable accomplishments during 2022 included the following:

- *Our third year as lead sponsor for autumn's Boo at the Zoo celebration, a fast-growing event for area families.*
- *We joined with the Chamber of Commerce to organize the inaugural 325 Day, an opportunity to recognize the great aspects of life in the Abilene area.*
- *During two Community Impact days, each employee spent part of a designated holiday serving others. We completed projects at 11 Abilene nonprofit organizations.*
- *Our annual Skip-a-Payment program raised \$162,570 for the Boys and Girls Clubs of Abilene*
- *Financial education programs were presented throughout our service area. Financial Reality Fairs took place at Abilene, ATEMS, and Wylie High Schools.*

As the pandemic waned, credit unions across the country reported a surge of members being victimized by various fraudulent schemes. ATFCU increased the size and visibility of our Fraud department and we are proactively working to inform our members of warning signs. Please give us a call if you have suspicions about potential transactions.

The Abilene labor market continues to be extremely tight. Given that reality, employee wages and benefits are frequently reviewed by the Board to ensure that Abilene Teachers FCU is attractively positioned in the region. As the work force shrinks, automation is required to meet the needs of our members. We realize that some members are anxious about these adjustments and invite feedback.

The Board and staff of Abilene Teachers FCU thank you for your loyalty. We look forward to serving you and your families for many years to come.

SUPERVISORY COMMITTEE REPORT

The Supervisory Committee is best thought of as the overseer of the credit union. We are responsible for conducting annual audits, verifying member accounts, researching member complaints and ensuring that management complies with established policies and procedures.

The committee employed EideBailley LLP to perform the 2022 comprehensive annual audit to verify that the financial statements of Abilene Teachers FCU are presented fairly and accurately. The auditors' opinion was unqualified, meaning that the statements are fair and transparent and conform to generally accepted accounting principles.

The National Credit Union Administration (NCUA) conducted ATFCU's regulatory examination in August 2021. Exam findings were positive and continue to reflect the healthy financial position of Abilene Teachers Federal Credit Union. The next federal exam is scheduled for January 2023.

Each month the Supervisory Committee mails account transaction confirmations to randomly selected members. These arrive in a letterhead envelope and ask the account holder to validate that a specific transaction was conducted. We appreciate your cooperation in returning these as requested. Your input is a useful resource that provides timely feedback to the Committee and senior management of the credit union.

We strive to provide the best possible financial experience to our members. If you have a question about your account that has not been resolved to your satisfaction, please contact us directly at P.O. Box 6198, Abilene, TX 79608.

Pam Nicholas, Chairperson

Keith Dowell, Board Representative

Rodney Murphy

Marian Piersall

Karen Turner

Tommy Vaughn

ROYCE CURTIS
Board Chair

KEITH DOWELL
Board Vice-Chair

EMILY MEADOR
Board Treasurer

CHRIS FAEHNLE
Board Secretary

TERRY BULL
Board Member

RONNIE KINCAID
Board Member

JAV JESTER
Board Member

KAREN MUNOZ
Board Member

ROB TUCKER
Board Member

PRESIDENT'S REPORT

Winston Churchill is credited with saying, 'Never let a good crisis go to waste.' After two years of COVID challenges, Abilene Teachers Federal Credit Union used 2022 as a time to evaluate what we had learned and implement additional safeguards for conducting business in adverse circumstances. We are proud that the pandemic never caused us to close our doors and intend that all operational functions demonstrate a similar level of resilience. To that end we installed a large commercial generator at the Antilley Road location to power our computer servers during emergencies. Another example is the expansion of our ITM network to the Mockingbird and Antilley branches. By centralizing teller operations, we are positioned to operate efficiently during the ongoing worker shortage.

From a financial standpoint, 2022 can be summarized in two words - inflation and interest. Inflationary pressures were strong in nearly all categories of goods and services. Rising prices are particularly worrisome to many of today's consumers who were not adults during the 1980's, the last period of serious inflation in the United States. Inflation is often defined as "too much money chasing too few goods." Early in 2022, the US economy was flush with cash. Wages were rising and Americans had saved much of their COVID relief payments. When pandemic restrictions moderated, consumers enjoyed a buying binge, unknowingly contributing to the inflation cycle. The rate of inflation was slowing by 2022 year-end, partially due to Federal Reserve interest rate increases.

Between the Great Recession of 2008 and March of 2022, interest rates in America scarcely changed. The Federal Funds rate (the rate at which commercial banks loan money to each other) remained close to zero for 14 years. It was a great time for borrowers and a less happy time for savers. Then inflation made its unwelcome appearance. To cool the economy, thereby lowering inflation, the Fed issued seven rate increases during 2022, raising the Federal Funds rate to 4.25%. As responsible stewards of member funds, ATFCU interest rates followed the Fed's lead. Further rate hikes are expected in 2023 until inflation is brought down to a more modest level.

Over the past year, ATFCU assets increased to \$588,845,402 and loans grew 3.3% to a total of \$357,930, 072. 1,764 new members joined the credit union, bringing our membership total to 54,848. We thank our members for their continued trust and look forward to serving you with friendliness and professionalism for many years to come.



TREASURER'S REPORT

STATEMENT OF INCOME

	2022	2021	2020	2019
OPERATING INCOME				
Interest on Loans	\$ 15,964,149	\$ 16,413,509	\$ 17,491,336	\$ 17,391,008
Interest on Investments	2,828,638	846,593	870,280	1,599,825
Other Income	15,058,834	13,810,985	11,855,203	10,150,151
Total Income	\$ 33,851,621	\$ 31,071,087	\$ 30,216,819	\$ 29,140,984
OPERATING EXPENSES				
Salaries and Benefits	\$ 10,144,417	\$ 10,182,692	\$ 8,571,056	\$ 8,254,332
Member Insurance	23,581	60,000	60,000	47,000
Office Occupancy	1,783,026	1,497,329	1,369,353	870,292
Office Operations	9,266,052	6,166,478	6,434,560	3,628,327
Miscellaneous Expense	3,490,936	3,280,771	6,956,635	8,345,766
Total Expenses	24,708,012	21,187,270	23,391,604	21,145,717
Net Income Before Dividends	\$ 9,143,609	\$ 9,883,818	\$ 6,825,215	\$ 7,995,267
DISTRIBUTION OF INCOME				
Dividends to Members	542,633	482,758	1,003,214	1,563,363
Reserves & Undivided Earnings	\$ 8,600,976	\$ 9,401,060	\$ 5,822,001	\$ 6,431,904

STATEMENT OF FINANCIAL CONDITION

	2022	2021	2020	2019
ASSETS				
Loans (net)	\$ 357,930,072	\$ 346,153,912	\$ 351,826,784	\$ 341,959,867
Investments	90,736,619	74,552,331	40,230,972	79,803,336
Other Assets	140,178,711	156,354,924	122,287,334	33,449,848
Total Assets	\$ 588,845,402	\$ 577,061,167	\$ 514,345,091	\$ 455,213,051
LIABILITIES AND EQUITY				
Accounts Payable	\$ 5,636,568	\$ 9,624,680	\$ 4,099,170	\$ 4,920,938
Shares	270,056,556	268,483,671	226,751,237	189,840,466
Share Drafts	138,974,665	130,499,404	118,739,070	100,757,136
Share Certificates	50,299,479	52,282,373	58,309,847	58,474,699
IRA's	24,991,138	25,885,019	25,560,807	26,156,854
Reserves	98,886,996	90,286,020	80,884,960	75,062,958
Total	\$ 588,845,402	\$ 577,061,167	\$ 514,345,091	\$ 455,213,051

EMILY MEADOR, TREASURER