



2021

ANNUAL REPORT



Traditions ♦ Community ♦ Growth

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# 2022 Annual Meeting Agenda

Welcome & Call to Order	Chair
Ascertain 15 Member Quorum is Present	Vice Chair
Recognition Board of Directors and Supervisory Committee Members	Chair
Read and Approval of 2021 Minutes	Secretary
Chair Report	
President Report	
Treasurer Report	
Supervisory Committee Report	
Volunteer and Staff Member List	
New Business	
a. Elections	
b. 2022 Scholarship Winners	
Adjournment	

# Minutes of the 2021 Annual Meeting

**Introduction and Call to Order.** Board Chairman, Brian Hokkanen, welcomed the membership to the virtual Chemcel Federal Credit Union (CFCU) 2021 Annual Meeting on April 23, 2021 at 4:00 PM CST. Brian welcomed the members who were present. He introduced himself, stating that it is his third year as Chairman of the Board of Directors. Hokkanen noted his role as Chairman is to act on behalf of our membership and see how we can continue to grow and service our members, helping families get access to the financial services they need to achieve financial success.

Mr. Hokkanen stated the 2020 Annual Report reflects the top-notch management and sound financial practices established since CFCU opened in 1951. He requested members review the [2020 Annual Report](#) posted at [www.chemcel.org](http://www.chemcel.org).

**Quorum Determination.** Ken May, First Vice Chairperson certified a quorum was present to begin the meeting in response to Mr. Hokkanen's inquiry

**Approval of the Minutes.** Wayne Straty, Board Secretary, reviewed the 2020 minutes and opened the floor for questions. There were no questions. Glenda Elsik made a motion to approve the minutes as presented, Suzie Harz seconded the motion. The motion carried unanimously.

**Board Elections.** Brian Hokkanen stated there were three Board positions up for re-election. In accordance with credit union bylaws, nominations from the floor are not accepted when the number of nominees equals the number of positions to be filled. The 2020 Nominating Committee members appointed by the Board are Lora Garcia, Chair, John Reeser and Patricia Lerma. Recommendations from the Nominating Committee: Mike Garcia (incumbent), Rolando Ramirez (incumbent), and Patricia Lerma (incumbent). The chair declared each nominee elected by general consent as the number of nominees were equal to the number of position to be filled.

**Introduction of the Board, President and Supervisory.** Mr. Hokkanen introduced the Board that were present: Ken May, Brian Hokkanen, Wayne Straty, John Reeser, Mike Garcia, Patricia Lerma, Steve Davis, Rolando Ramirez and Kathy Borhauer. He introduced the President/CEO Michael Engel, and Supervisory Committee Chair Christina Gonzales and Supervisory Member Lauren Richerson and DK Kumar.

**Scholar Recipients.** Mr. Engel recognized the 2020 Scholarship winners: Alonzso Jimenez, Jr. from Kingsville and Sarah Pena from Alice.

# Minutes of the 2021 Annual Meeting

## Chairman Report.

Brian Hokkanen, Chairman, welcomed members to CFCU's 2<sup>nd</sup> virtual Annual Meeting, stating in light of ongoing COVID-19 precautions "it would not have been prudent to have our traditional in-person meeting". Mr. Hokkanen, furthered that sentiment expressing "our number one priority is the health and safety of our members and staff".

Mr. Hokkanen discussed the credit union's precautions implemented in the branches to limit the spread of the virus. He expressed his confidence that as vaccines become more widely available the credit union will be transitioning to more pre-pandemic operating environment. With that in mind, Hokkanen stated, "Chemcel will follow the guidance of our local, state and national public health officials when making changes in branch access".

Things have changed significantly since Chemcel opened in 1951... none have been as impactful as the pandemic year of 2020. However, one thing remains true, Chemcel Federal Credit Union is here to serve our members and the surrounding community, with exceptional personalized member service and products that cater to each stage of your life. Everything we do – we do with you in mind!

Mr. Hokkanen introduced D. K. Kumar, a long-term Celanese employee, as a new member of the Supervisory Committee. He expressed his sincere gratitude to his fellow Board Members, to our President and to CFCU staff for their diligent and dedicated service.

Mr. Hokkanen stated, "In his opinion, every employee, Supervisory Committee member, Board member and the credit union President's commitment to serving our members enabled the credit union's continued success, growth and furtherance of the credit union movement in concert with the contributions, support and loyalty of our members. Hokkanen thanked the frontline branch staff who have risked much to keep the credit union moving forward "during this once-in-a century pandemic".

Brian reported Chemcel remains well capitalized with well-managed risk during unprecedented times. He stated despite 2020's low interest rate environment, member debt reduction, as well as, major purchase delay, CFCU remains strong financially. CFCU ended 2020 with more than 9,550 members with total assets of over \$143 million.

Mr. Hokkanen stated "while our operations may change over the years, we are committed to two constants: 1) our dedication to the credit union philosophies of "people helping people" and "not for profit, not for charity, but for service". He stated Chemcel continues to strive to identify opportunities for future growth both organic and external with a well-managed plan to address issues to insure CFCU's long term viability playing a key role in our members continued financial success.

## Minutes of the 2021 Annual Meeting

**President/CEO Report.** Michael Engel, President/CEO, welcomed the membership and expressed his appreciation for them taking time to attend the 2021 Virtual Annual Meeting. Michael stated that the success of Chemcel Federal Credit Union (CFCU) relies largely on the members utilizing the services offered by the credit union, a dedicated staff to deliver the services and a volunteer Board of Directors to provide forward-looking leadership and guidance in the ever-changing financial landscape.

Mr. Engel recognized CFCU's 70 year anniversary. The credit union was originally chartered on February 2, 1951 and continues to serve our members and the communities. He stated that the "founders and early members started CFCU on a journey that continues today". This journey has been made possible through the trust each member, past and present, has placed in CFCU.

Engel reflected on the uniquely challenging year of 2020. A year in which everything changed about the way we work and the way we live. "Social distancing," "work-from-home", "isolation"... all became part of our everyday lives. 2020 brought new and unexpected challenges, however, CFCU's stable growth trajectory remained strong during the difficult economic times.

CFCU has lived through many transitions and understands the importance of a strong team during dynamic and challenging times. 2020 brought new and unexpected challenges that rocked the world economy. The global pandemic expedited the need to shift much of our lives into the digital space, and banking was no different. The CFCU team has made great strides this past year, as we continuously look for new ways to make life a convenient for you. Increasing digital services to better serve your needs remains a top priority. CFCU works as a team to overcome this pandemic from the teller line to the board room. Mortgage loan modifications helped members by keeping mortgage payments from overwhelming family budgets. 60-day loan deferments helped members make ends meet. Together, these various efforts brought needed relief for CFCU members.

The success does not happen in a vacuum. Success requires planning, looking to the future and dedicated people to achieve any success. The volunteer Board of Directors is responsible for overseeing the general operation of CFCU. Monthly meetings, annual training requirements and planning sessions are part of the credit union's long-term operational success. A knowledgeable and member focused staff are essential in maintaining the daily operations.

As we welcome 2021, the CFCU team will continue to improve our members, communities, and employees' quality of life and financial well-being by building a path of innovation that brings mutual success and a supportive work environment. Whether you go to work every day, dream of going for that law degree or want to build that comfortable nest egg so you can retire, the CFCU team is here to help every step of the way. We are excited about the future and the opportunities still to come.

In closing, Mr. Engel stated Chemcel continues its unwavering commitment to serving the membership. He expressed his gratitude for the continued trust, loyalty and support of the membership, staff and the Board of Directors.

# Minutes of the 2021 Annual Meeting

**Treasurer's Report.** Michael Engel presented the Treasurer's Report. He noted 2020's impact on CFCU's income. CFCU is primarily a vehicle and consumer loan lender. Changing in lifestyles in 2020 resulted in vehicle purchases being delayed, members not taking vacations and not using credit cards as frequently. Additionally, the Federal Reserve decreased interest rates to near zero (0). Given all the challenges CFCU has a successful year:

- Membership increased .92%
- Loans decreased -6.4% in 2020 to \$84.7 million in member loans;
- Shares and deposits increased 15.87% to \$126.4 million;
- Assets increased 14.40% or over \$143.3 million;
- Net worth remains strong at 10.91% or \$15.6 million, and;
- Return on Average Assets was \$963 thousand

**Supervisory Committee Report.** Christina Gonzalez, Supervisory Committee Chair, presented the report. Credit Union Resources, Inc., performed the 2020 comprehensive audit for the period ending March 31, 2020. Based on these results, in conjunction with the observations, it is the opinion of the Supervisory Committee that Chemcel Federal Credit Union financial statements represent a sound financial condition and is in compliance with applicable state and federal regulatory laws/regulations.

**Old Business.** The Chair confirms there is no old business.

**New Business.** The Chair asked if there was any new business. There was none.

**Adjourned.** Mr. Hokkanen thanked the members for attending. Ken May made a motion to adjourn the meeting John Reeser seconded the motion. Motion carried unanimously and the meeting adjourned at 4:28 p.m.

*Wayne Straty*

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Wayne Straty, Secretary

# Chairman's Report

## 2022 Annual Meeting

To the Members of Chemcel Federal Credit Union:

I am pleased to report that it was another successful year at your credit union. Chemcel FCU (CFCU) maintains a strong financial position. CFCU continues to be well capitalized and strives to meet the financial needs of both savers and borrowers. During the 70 years CFCU has been serving members, assets have grown to \$154.9 million with \$136.8 million in deposits and \$86.2 million in loans. We welcomed more than 200 new members during 2021 and now total 9,850 members strong!

In 2021 CFCU faced many challenges. The pandemic continued to complicate our well-intentioned plans as it did with many of our members. Through all the ups and downs, our philosophy is unchanged and CFCU remains committed to meeting the changing needs of the membership.

It is the mission of CFCU to build lasting relationships with members by offering financial services that fulfill their needs, service that exceeds their expectations, and interactions that inspire their trust. We strive to be our members' first choice financial institution!

I am honored to serve as your Board Chair of this credit union. The credit union utilizes the skills of many volunteers. The Board of Directors sets credit union policy, and the Supervisory Committee works to ensure that the operations of the credit union are reviewed regularly and audited each year. The dedication of these volunteers is vital to the success of the credit union.

The Board of Directors and Chemcel management team continues to work together to strategically plan for the future of your credit union. CFCU understands the importance of meeting the evolving financial needs of membership. On-line access to accounts enables a member to maintain oversight on their financial assets. We continue to invest in market-leading digital technologies to help our members' own their financial future. The ability to access CFCU either in-person or through electronic means is a valuable part of what keeps Chemcel a preferred financial institution for our members.

In closing, I'd like to thank all of the employees and volunteers for their dedication to serve our members. We continuously update and strive for excellence on our mission to offer market-leading financial services to all of our members. And to all of the members of our growing community:

We are here to serve you!



**Brian Hokkanen**  
Brian Hokkanen - Chair

Chemcel Federal Credit Union (CFCU) expresses sincere gratitude for your continued trust and strong commitment to your credit union. Through your membership you are making a difference in your local communities while keeping the credit union principles of “people helping people” a viable option for cooperative financial services.

**Growth and Stability.** 2021 was a year of unprecedented deposit growth while the second half of the year brought solid loan production; your loyalty and continued support which is reflected in these numbers. CFCU turned challenges into opportunities and maintained our focus on prioritizing the many strategic initiatives that drive our vision toward future success throughout 2021.

**Service through Innovation.** Constantly striving to enhance our processes, products, and services to better serve you is our mission. As technology evolves, we carefully analyze new ways to create self-serve convenience for a personalized banking experience.

**Enhance Member Experience.** The financial industry offers numerous alternatives to the consumer. Mega-banks, community banks and other credit union offer primarily the same service. On-line banks, neobanks and fintech firms offer a wide array of financial services to compete with CFCU products-services. The one area these firms cannot offer is the personalized service CFCU can offer. Whether coming into a physical location, calling for service or using the mobile app for loans/check deposits/account balances CFCU strives to provide a high service level.

**Stable and Secure.** The ever-changing landscape of world events over the last 3 years has required the credit union to rapidly evolve, however: one thing remains the same – our unwavering commitment to serving you, protecting your personal information, and continuing to provide first class solutions to meet your unique financial needs.

**Stewardship.** The Board of Directors is your direct representation in steering the course for the credit union. Each Board member volunteers time to meet annual education requirements, monthly Board/ALCO meetings and other learning experiences. The decisions made can be difficult but the guiding point is that they stay true credit union principles.

*On behalf of everyone here at Chemcel Federal Credit Union - Thank you for your membership, we appreciate your business!*

Sincerely,

*Michael Engel*

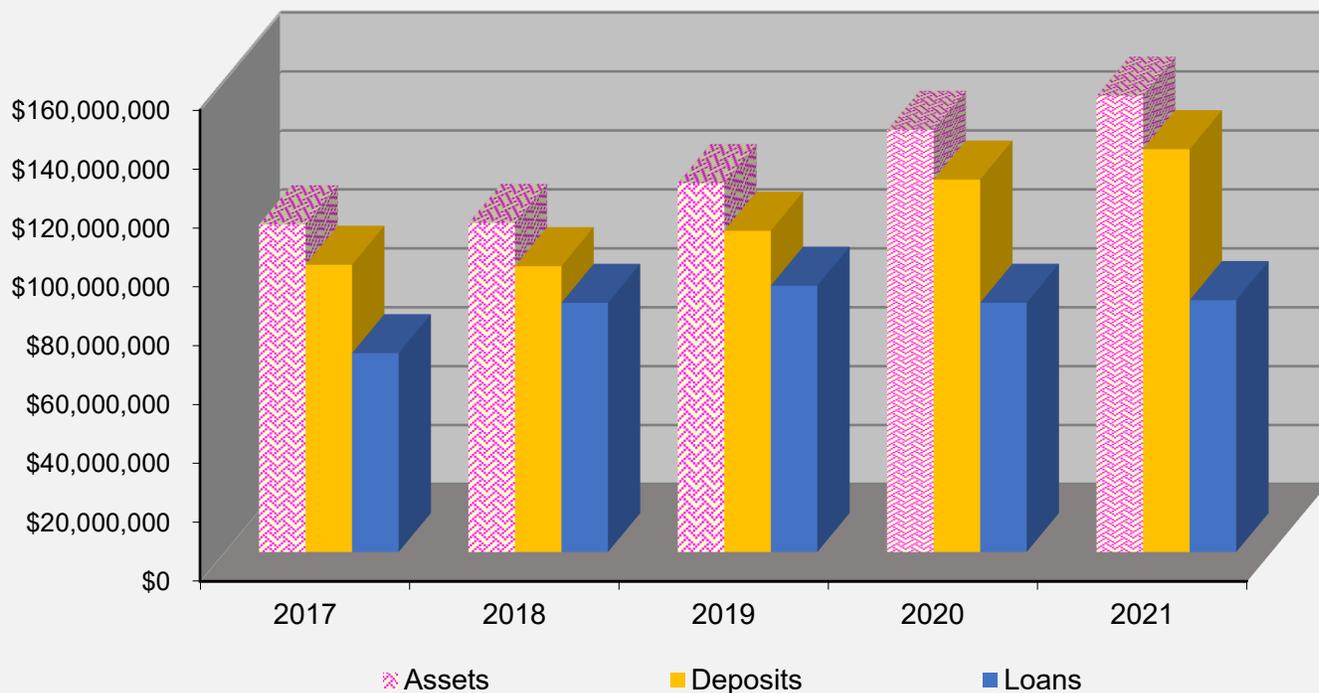
**Michael Engel**  
President/CEO

# Treasurer's Report

## Balance Sheet

Assets	2021	2020	%CHG	Liabilities and Equity	2021	2020	%CHG
Cash & Equivalents	29,089,876	27,300,423	6.55%	Dividends Payable	17,638	28,336	-37.75%
Total Investments	<u>29,066,227</u>	<u>21,762,326</u>	33.56%	Accounts Payable & Other Liabilities	1,396,929	1,163,610	20.05%
Total Cash	58,156,103	49,062,749	18.53%				
Real Estate Loans	5,127,962	6,860,186	-25.25%	Share Drafts	42,091,015	39,453,209	6.69%
Unsecured Loans	11,202,129	12,144,284	-7.76%	Regular Shares	42,373,433	36,542,972	15.96%
Other Loans	<u>69,850,771</u>	<u>65,724,308</u>	6.28%	All Other Shares & Deposits	52,350,309	50,501,341	3.66%
Total Loans	86,180,862	84,728,778	1.71%	Total Shares & Deposits	136,814,757	126,497,522	8.16%
Allowance for Loan Loss	(586,949)	(540,177)	8.66%	Regular Reserves	1,527,875	1,527,875	0.00%
Land and Building	4,648,997	4,695,225	-0.98%	Undivided Earnings	<u>15,153,086</u>	<u>14,122,580</u>	7.30%
Other Fixed Assets	254,063	292,135	-13.03%	Total Equity	16,680,961	15,650,455	6.58%
NCUSIF Deposit	1,311,131	1,168,147	12.24%				
All Other Assets	4,946,078	3,933,066	25.76%				
<b>Total Assets</b>	<b><u>154,910,285</u></b>	<b><u>143,339,923</u></b>	<b>8.07%</b>	<b>Total Liabilities, Shares &amp; Equity</b>	<b><u>154,910,285</u></b>	<b><u>143,339,923</u></b>	<b>8.07%</b>

## Chemcel Federal Credit Union Financial Highlights



# Treasure's Report

Income	2021	2020	%CHG
Interest on Loans	4,110,942	4,544,934	-9.55%
Investment Income	206,817	226,861	-8.84%
Fees & Charges	2,001,450	1,768,081	13.20%
Miscellaneous	1,997	1,955	2.15%
<b>TOTAL INCOME</b>	<b>6,321,207</b>	<b>6,541,831</b>	<b>-3.37%</b>

## Statement of Income & Expense

Expenses			
Compensation	1,400,324	1,460,609	-4.13%
Employee Benefits	321,477	310,695	3.47%
Payroll Taxes	110,531	109,286	1.14%
Travel & Conference	19,407	3,664	429.67%
Dues	27,693	27,489	0.74%
Office Occupancy	257,221	261,575	-1.66%
Office Operations	1,653,536	1,573,533	5.08%
Education	13,133	6,527	101.21%
Loan Servicing	109,445	63,621	72.03%
Professional Services	39,877	31,214	27.75%
Interest on Borrowing	40	0	100.00%
Miscellaneous	15,392	15,487	-0.62%
Cash Short (Over)	351	533	-34.08%
Provision for Loan Loss	577,356	656,779	-12.09%
Depreciation Expense	213,758	203,775	4.90%
<b>OPERATING EXPENSE</b>	<b>4,759,542</b>	<b>4,724,787</b>	<b>0.74%</b>
<b>Income from Operations</b>	<b>1,561,665</b>	<b>1,817,044</b>	<b>-14.05%</b>
<b>Other (Income) Expenses</b>	<b>(584,249)</b>	<b>(319,301)</b>	<b>82.98%</b>
<b>Income Before Dividends</b>	<b>2,145,914</b>	<b>2,136,345</b>	<b>0.45%</b>
<b>Dividends Expense</b>	<b>1,115,408</b>	<b>1,173,065</b>	<b>-4.92%</b>
<b>NET INCOME</b>	<b>1,030,506</b>	<b>963,280</b>	<b>6.98%</b>

# Supervisory Committee Report

## 2022 Annual Meeting

In accordance with the Federal Credit Union Act, the Supervisory Committee is responsible for ensuring that the Credit Union safeguards its assets, maintains adequate systems of internal control, and reports accurate financial information.

We meet regularly with Internal Audit and our external auditors to monitor and evaluate internal controls and to ensure that your assets are safeguarded. The Committee also monitors the performance of Credit Union employees and volunteer officials and the policies established by the Board of Directors to ensure their compliance. The Committee engages independent firms to perform the annual financial and other necessary audits.

Based on the results of internal audits and external reviews for the year 2021, we conclude that Chemcel Federal Credit Union has adequate internal controls and is financially sound.

Respectfully submitted,

*Christina M. Gonzalez*

Supervisory Committee Chair

Lauren Richerson, Supervisory Committee Member

Dheeraj "DK" Kumar, Supervisory Committee Member

# Volunteer Appreciation & Milestone Anniversaries 2022 Annual Meeting

## Board of Directors:

Brian Hokkanen	Chairman
Ken May	1 <sup>st</sup> Vice Chair
Mike Garcia	2 <sup>nd</sup> Vice Chair
Wayne Straty	Secretary
John Reeser	Treasurer
Steve Davis	
Kathy Borhauer	
Patricia Lerma	

## Supervisory Committee:

Christina Gonzales	Chairperson
Lauren Richerson	Member
Dheeraj "DK" Kumar	Member

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## Milestone Anniversaries

### 40 Years

Ken May, Board Member

### 15 Years

Michael Engel, CEO/President

### 25 Years

Tenley Gonzales, Staff

### 10 Years

Jessica Gutierrez, Staff

### 20 Year

Norma Martinez, Staff

### 5 Years

Alyssa Calderon, Staff  
Glenda Elsik, Staff  
Lauren Richerson, Supervisory Cmty

We want to thank you for all you have done through the years  
to support the credit union and the staff.

Your trust, loyalty and diligence is greatly appreciated!

We have come a long way together. Your continued support is an  
essential part of the credit union's journey and success.