

2020 ANNUAL REPORT



Priority Postal Credit Union
Annual Meeting
February 15, 2021

A MESSAGE FROM THE CEO

Good evening and welcome to the 54th Annual Meeting of Priority Postal Credit Union. I am delighted to be here with you tonight despite the pandemic. We were unsure if we were even going to be able to hold our meeting in person

When you joined our credit union with your initial deposit, you became one of the most important people in the credit union industry; a member-owner. That initial deposit was your share in, at the time Pasadena Postal Credit Union, and it empowered your voice in your financial institution. Credit Unions operate on a “one member, one vote” principle, so when you participate in the voting process, you’re contributing to the growth and potential of your credit union.

Let me take a moment to draw a distinction between not-for-profit, member-owned, and other financial institutions. Consider that when most banks hold their annual meetings, the room is filled with shareholders who bought their stock in the corporation, sometimes for large sums of money, and expect exorbitant returns for their investment, which are derived from their accountholders. Those meetings are often filled with anonymous faces from around the country or even their world.

That’s not the way credit unions do it. Here, you’re surrounded by people like yourself who have an equal share of Priority Postal Credit Union. As a result, we can offer you lower rates on loans, higher rates on savings, and fewer fees – not to mention more personalized service. Across the country, credit unions provide more than \$12 billion in financial benefits to members annually. In short, credit unions put people over profits.

Let me tell you a little about the state of our industry. Texas has 446 credit unions with more than 9.1 million members and total assets of more than \$107 billion. These figures reflect a robust and healthy credit union system, of which Priority Postal Credit Union is a part.

Since our credit union’s founders opened for business in April 1966, we’ve grown to 360 members, and our assets have grown \$3.3 million in assets. We are proud of how far we’ve come, and I know our many accomplishments would not have been possible without the ongoing energy, optimism, commitment and servant hearts of everyone involved in the operation of this credit union. Because of the work we’ve all done *together*, this credit union is thriving.

From a business perspective, our credit union continues its steady trajectory forward and upward, with our focus finely tuned to the things that really matter to our members. As such, we were able to bring the credit union mantra of “people helping people” to life in a number of ways that helped several of our members during this CoVid pandemic.

With the continued success of Priority Postal Credit Union, we’re able to offer beneficial savings and wealth-building tools and other financial products and services that enhance your life, improve our delivery channels, and expand our postal community outreach. Therefore, this year we’re implementing the following products and services to benefit you and your families:

- Credit Card Program
- Partnership with CU Home Mortgage
- Financial Counseling

As we move in to 2021, we promise that Priority Postal Credit Union will continue to grow responsibly while listening and responding to your needs. Our member-owners are integral to our credit union family, and we are sincerely grateful that you’ve chosen Priority Postal Credit Union as your financial partner. We wish you a healthy and prosperous 2021.

Jennifer Key

A MESSAGE FROM THE BOARD

Welcome to our 2021 annual meeting and we thank all of you for being with us this evening.

2020 definitely had its challenges for the credit union. Staff changes, audits and examinations, delinquency, charge-offs and finally, CoVid 19. Jennifer and Ruby have done a phenomenal job of navigating these rough waters to keep Priority Postal Credit Union in compliance and heading in the right direction.

As you might have noticed already, we ended 2020 with quite a loss. This is a first for us and extremely hard to swallow. This loss opened our eyes to numerous accounting issues and unworked delinquency resulting in charged-off loans.

As a result of such a loss, the board and staff were forced to make changes to our lending policy. Credit checks, employment verification, stricter guidelines and limits are a few of those necessary changes.

It is our job, as your Board of Directors, to assist our staff in focusing on the safety and soundness of the credit union. You all trust us with your financial needs and we take that very seriously.

We have no doubts that 2021 will be successful as we continue to grow and provide new products and services.

Thank you for your loyalty to Priority Postal Credit Union.

BOARD OF DIRECTORS and STAFF

Wallace Taylor, Chairman – 2021
Ronald Wester, Treasurer – 2021
Kay Wester, Secretary – 2022
Kay Collins, Director – 2022
Kedrick Young, Director – 2021

Jennifer Key, CEO
Ruby Diaz, Member Solutions Officer

FIELD OF MEMBERSHIP

Channelview
Deer Park
Galena Park
La Porte
Pasadena – DLA

Pasadena - Main
Pearland - East
Pearland - West
Seabrook
South Houston

CURRENT PROMOTIONS

Refer a co-worker or family member to be entered into a drawing for **\$50!** Entries for this drawing will be accepted through 3/31/21. Four (4) winners will be drawn on 4/1/21. You could be one of them!

Purchase or refinance your auto with PPCU and be entered to win a **\$250 Vic & Anthony's** gift certificate! Promotion runs through 3/31/21. One winner will be drawn on 4/1/21.

2020 ANNUAL MEETING NOTES

February 10, 2020

Chairman Wally Taylor called the meeting to order at 7:20 pm at the Battleground Golf Course event room. There was a quorum present of 35 members in attendance. The minutes from the previous annual meeting, held on February 11, 2019, were distributed with the annual reports. Kay Wester read the minutes and a motion was made to approve the minutes. The motion was seconded, and the motion carried.

Chairman Wally Taylor introduced Jennifer Key as the new CEO and stated that she would be replacing A'letha Peacock as of February 20, 2020. He then introduced Mayra Medrano as the office assistant and Kedrick Young as the newest board member.

The credit union financials were read and discussed by A'letha Peacock. She stated that the assets were 3.3 million. She also stated that the credit union is in very sound shape and we have 508 members.

Members from Audit Committee and the ALCO gave their reports for 2020.

Chairman Wally Taylor opened the floor for questions. Glenda Cox asked for clarification on whether the credit union is open for business on Mondays. Wally answered that the credit union is not open on Mondays to the members but the staff is in the office using the uninterrupted time to "catch up".

Dahlia Guajardo asked if someone could be at the credit union during lunch hours in case a member needs something. Wally assured the members that the office staff would not take lunch at the same time.

Old Business – none

New Business – Election of the Board of Directors

Chairman of the Nominating Committee, Bridget Holcomb, introduced incumbents who were seeking re-election: Kay Collins and Kay Wester.

There were no nominations from the floor. Ballots were not distributed. Motion was made and seconded to close the nomination process. Motion carried.

Jennifer Key and Mayra Medrano distributed door prizes. A total of \$3,000 was issued in cash and prizes.

Motion was made and seconded to adjourn the meeting. Motion carried. The meeting adjourned at 7:55 pm.



PRIORITY POSTAL CREDIT UNION FINANCIALS

STATEMENT OF FINANCIAL CONDITION			YTD December
	2018	2019	2020
Assets:			
Loans	\$2,447,610	\$2,426,984	\$ 2,766,042
Cash on Hand	\$447,648	\$601,816	\$ 454,264
Investments	\$0	\$242,661	\$ 122,422
Fixed Assets	\$5,911	\$6,386	\$ 5,814
Prepaid Expenses	\$413	\$6,434	\$ 2,098
Other Assets	\$10,589	\$83,341	\$ 16,541
TOTAL ASSETS	\$2,912,170	\$3,367,622	\$ 3,367,181
Liabilities & Equity			
Notes Payable	\$0	\$0	\$ -
Accounts Payable	\$1,920	-\$29,975	\$ 60,178
Dividends Payable	\$191	-\$2,959	\$ -
Other Liabilities	\$8,753	\$44,441	\$ 4,135
Member Shares	\$2,527,231	\$2,874,913	\$ 2,916,035
Reserves	\$115,381	\$115,381	\$ 115,381
Undivided Earnings	\$258,693	\$365,821	\$ 271,452
TOTAL LIABILITIES & EQUITY	\$2,912,170	\$3,367,622	\$3,367,181
STATEMENT OF INCOME AND EXPENSE			
Income:			
Loan Income	\$220,756	\$241,568	\$ 229,301
Investment Income	\$178	\$2,361	\$ 9,217
Other Income	\$13,331	\$12,265	\$ 68,166
Non-Operating Income/Expense	\$1,410	\$315	\$ 2,750
TOTAL INCOME	\$235,676	\$256,508	\$309,433
Expenses:			
Compensation & Benefits	\$92,761	\$118,416	\$ 98,844
Office Occupancy Expenses	\$0	\$0	\$ -
Office Operating Expenses	\$17,272	\$16,326	\$ 32,462
Educational & Promotional	\$514	\$51	\$ 1,799
Loan Servicing	\$2,837	\$3,053	\$ 5,624
Professional & Outside	\$0	\$1,337	\$ 19,298
Miscellaneous Operating Expenses	\$29,326	\$33,673	\$ 58,143
Provision for Loan Losses	\$54,819	-\$60,174	\$ 141,115
Cost of Funds	\$35,339	\$36,700	\$ 46,518
TOTAL OPERATING EXPENSES	\$232,868	\$149,381	\$403,802
NET INCOME	\$2,808	\$107,128	-\$94,369

AUDIT REPORT

We completed the Supervisory Committee Annual Review of the books and records of Priority Postal Resources Credit Union for the 12-month period ending May 31, 2020. Our work was performed in accordance with requirements set forth in Section 91.507 of the *Texas Rules for Credit Unions*, and Section 715.7(c) of the *NCUA Rules and Regulations*, and included any additional procedures deemed necessary.

The overall records and operations of the credit union were found in good condition. The internal control recommendations are offered as ways to enhance your current system of controls.

The credit unions next Supervisory Committee Annual Review is scheduled for the twelve-month period ending May 31, 2021.

Credit Union Resources, Inc.
Financial and Technology Resources