



family



friends



neighbors



community



AMERICA'S
CREDIT UNIONS™
2002 Annual Report

Chairman's Report

As Chocolate Bayou Community Federal Credit Union enters its 41st year of service, it proudly serves 14,123 members with more member-owners joining daily. Word is spreading about the tremendous advantages of ownership in CBCFCU. This past year CBCFCU reached a new milestone as assets surpassed the \$50 million mark growing \$4,386,872 to \$51,537,256. Members added \$3,811,954 in deposits as total deposits increased to \$45,177,168. At the same time they took advantage of the many varieties of loan products and borrowed a total of \$21,310,319, providing loan growth of more than 10% and increasing loans outstanding to \$39,542,938.

The strength of credit unions is measured by net capital, which is reserves and undivided earnings less allowance for loan losses. I'm proud to report that as we expand services and grow in new members, deposits, and loans our net capital ratio remains very good at 11.44%, which places CBCFCU in the top percentile of credit unions.

CBCFCU's mission statement reads: *"to provide innovative, convenient and cost-effective products and services through sound financial leadership."* Through the dedication of my fellow Board members, Supervisory Committee members and the credit union staff, I believe we have lived up to the commitment of our mission statement. As we look to the future, the Credit Union's standards will remain high as we strive to provide unparalleled member service, new or improved products and continuing financial soundness, thus assuring that CBCFCU members will have good reason to be proud member-owners of their Credit Union.



The smiles member



Our young members are a very important part of the credit union, too, and CBCFCU has special activities and events just for the kids! In 2002, we surpassed our 1,000th CBCFCU Kid's Club member.



Supervisory

The Annual Supervisory Committee McGladrey & Pullen, LLP, for the period of examining the accounting records and review audit, the consensus of the Supervisory Committee preparation and reflect the financial condition National Credit Union Administration conducted 2002. There were no exceptions of note and ratings in all areas of the exam.

Years of Commitment • 40 Years of

President's Report



See every day on the faces of our staff and staff make it all worthwhile!

Have you ever taken time to reflect back about some of the pearls of wisdom that you have heard? They usually come from someone like a parent, teacher or mentor. And, we usually do. I reflect back there were two pearls of wisdom that immediately come to mind. The first came from my father, known as Dad, and the second came from Max, a man I worked for who taught me a great deal.

Dad's pearl of wisdom was "the older you get the faster time goes." At the time, I didn't know exactly what he meant. Where did 2002 go? At Chocolate Bayou Community FCU, it was a year of growth. Our Vision Statement, which reads: "CBCFCU is the financial service provider of choice. We provide service and convenience. We continued to train and cross-train staff on existing services and added to our drive-thru, along with video conferencing and cash dispense machines for the drive-thru. Today the drive-thru lines no longer go down the road and across the Bypass. CBCFCU provides services to members through Credit Union Acceptance Corporation, providing one-stop shopping through certified CUAC dealers.

A long awaited, state-of-the-art Home Banking Product came to fruition. Simply log on to view your accounts, transfer funds, review account history and pay bills from your computer at home, office or anywhere you can access the Internet. Best of all, it is secure and trustworthy. Check imaging is also available through home banking, allowing you to review check images and copies of them.

The credit union movement was founded around the philosophy of "people helping people." CBCFCU was awarded the Dora Maxwell Social Responsibility Award at both the State and National level for over \$100 million in asset size. The Dora Maxwell Social Responsibility Award recognizes the credit union that furthers the credit union philosophy of "people helping people."

CBCFCU was named First place in the nation for our work in sponsoring and co-hosting Circle K in Texas and Second place in the nation for our work in sponsoring and co-hosting Circle K in California.

Alvin High School Office was recognized with an article in "Savingteen Magazine," a supplement to *Credit Union* magazine. CBCFCU had a 265% increase in new youth accounts in one year.

The second pearl of wisdom was from Max. His pearl was, "in business or life there is no such thing as free swimming." What does that mean? At CBCFCU, it means we can't sit on our laurels. We have to continually strive to improve what we have and bring new ones to the membership. Already in 2003 we have begun the implementation of a debit/check card program, the data processing interfaces and hope to roll this program out before summer. We are also working on an indirect drive-thru vehicle.

I am confident 2003 will fly by as fast as 2002, and I assure you we will not be treading water, but swimming. We will continue to improve the services we offer, making every effort to fulfill our mission of "providing innovative, convenient, cost-effective products and services with leadership."

Committee Report

An audit was conducted by the accounting firm of [redacted] ending March 31, 2002. Their audit consisted of [redacted] internal controls. Based on the findings of the [redacted] committee is that our records and reports indicate proper [redacted] soundness and integrity of the Credit Union. The [redacted] its exam for the period ending September 30, [redacted] Chocolate Bayou Community FCU received high [redacted]

Treasurer's Report

The 2002 Balance Sheet reflects the continued financial growth of Chocolate Bayou Community Federal Credit Union. During a year of economic downturn in the capital markets, CBCFCU experienced 9.34% growth as assets grew 9.2% to \$45,177,168 and loans outstanding increased 9.3% to \$45,177,168.

Sound financial management, a dedicated staff and excellent customer service produced net income of \$504,467. As a result of our efforts, we earned \$5,896,491. Again, we thank you, the members, for another successful year and to continuing to provide quality products and services as we move forward into the future.

Excellence

nt

at have been imparted to you throughout life? n't really understand them until years later. As st came from a great philosopher, otherwise great deal about business.

e I thought, well okay, but now I understand iterally flew by as we strived to live up to our In 2002, emphasis was placed on improving es and products. Seven new lanes were added llers in order to enhance and speed up service. U began an indirect auto lending program for and loan closing through the credit union at

ply by going to CBCFCU's web site you can ecking account, all in the comfort of your asactions and accounts are updated instantly. s that have cleared your account and print

lping people." In 2002, CBCFCU was al levels for credit unions between \$50 and es credit unions for external activities within We were awarded First place in the State of o de Mayo 2002 in Alvin. Additionally, our Magazine. The article lauded CBCFCU's

ading water, you're either sinking or e to improve the products and services we ard program. We are currently working on lending program for boats and recreational

g each day to enhance the products and ucts and services through sound financial

Report

ancial soundness of Chocolate Bayou omic uncertainty in the financial ecreased to \$51,537,256. Deposits d 10.18% to \$39,542,938. l the introduction of new products t, total capital increased to er successful year and look forward ur primary financial institution.

Highlights of 40 Years

- July 13, 1962** Monsanto CBFCU chartered with 25 members.
- 1963** Joined Texas Credit Union League.
- 1964** First full-time manager hired.
- 1969** Membership at 1,000 - Assets reach \$1 million.
- 1976** Moved into Plant office.
- 1979** Assets reach \$7 million.
- 1980** Credit Union name changed.
- 1981** First employee group joins.
- 1984** Alvin office opens.
- 1989** Alvin adds drive-thru & automated telephone response system (Audio Annie).
- 1992** Alvin office expands. 30th anniversary.
- 1996** ATM installed at Plant. Alvin office & drive-thru expanded again.
- 1998** U.S. credit unions fight Supreme Court over membership growth. HR 1151 passes in 1999. CBCFCU gets first website.
- 2000** CBCFCU becomes a community credit union open to Brazoria County.
- 2001** Branch opens in Alvin High School. Jackie Wilks retires after 31 years. September 11 - we will not forget.
- 2002** CBCFCU surpasses \$50 million in assets, more than 14,000 members, and 45 on staff. Online Banking is introduced and video conferencing is added to drive-thru. 40th anniversary.



CBCFCU is involved in a variety of community events. Pictured here: CBCFCU 40th Anniversary Celebration & Annual Car Show, 2002 Business Expo. Cinco de Mayo 2002 and Solutia's 40th Anniversary Event.



Then & now ... our members have made the difference for 40 years!

Annual Report December 31, 1962

Loans to members	\$ 9,054.50
Cash in bank	\$ 4,650.12
Total assets	\$ 13,704.62
Savings of 173 members	\$ 13,630.47
Reserves	\$ 48.23
Undivided earnings	\$ 25.92
Total liabilities & equity	\$ 13,704.62
Total annual income	\$ 140.50
Total annual expenses	\$ 108.10
Net annual profit	\$ 32.40

Balance Sheet

ASSETS	2002	2001
Loans	\$ 39,542,938	\$ 35,889,239
Less Allowances for Loan Losses	(205,033)	(341,926)
Investments	8,836,363	7,941,098
Cash	539,637	1,076,619
Land & Building	1,814,327	1,581,639
Furniture & Equipment	181,626	54,012
Other Assets	<u>827,398</u>	<u>949,703</u>
Total Assets	\$ 51,537,256	\$ 47,150,384
LIABILITIES & MEMBER EQUITY		
Liabilities		
Accounts Payable & Accrued Expenses	463,597	393,146
Certificates of Deposit	7,454,062	6,704,959
Share Draft (Checking) Deposits	9,032,313	8,946,755
Share (Savings) Deposits	<u>28,690,793</u>	<u>25,713,500</u>
Total Liabilities	\$ 45,640,765	\$ 41,758,360
Members' Equity		
Regular Reserves (Stat Req'd)	1,072,139	1,072,139
Undivided Earnings	<u>4,824,352</u>	<u>4,319,885</u>
Total Members' Equity	<u>5,896,491</u>	<u>5,392,024</u>
Total Liabilities & Equity	\$ 51,537,256	\$ 47,150,384

Statement of Operations

Income	2002	2001
Interest on Loans	\$ 3,227,803	\$ 3,215,406
Income from Investments	150,931	252,691
Other Operating Income	<u>1,058,273</u>	<u>868,783</u>
Total Income	\$ 4,437,007	\$ 4,336,880
Expenses		
Compensation	1,170,728	1,007,926
Employee Benefits	531,409	360,847
Travel & Training	62,223	73,737
Association Dues	15,986	15,375
Office Occupancy	157,278	142,494
Office Operations	877,530	770,259
Marketing	143,285	123,571
Loan Servicing	75,225	68,564
Professional & Outside Services	30,367	20,140
Provision for Loan Losses	164,125	156,722
NCUA Operating Fee	11,005	9,778
Interest on Borrowed Money	11	20
Annual Meeting	5,004	4,283
Miscellaneous	<u>32,709</u>	<u>20,441</u>
Total Expenses	\$ 3,276,885	\$ 2,774,157

Allocation of Income

Income from Operations	\$ 1,160,122	\$ 1,562,723
Non-Operating Income	10,136	0
Income Before Dividends	1,170,258	1,562,723
Dividends	665,791	1,145,225
Net Income	504,467	417,498
Undivided Earnings Increase	504,467	417,498

Chocolate Bayou Community Federal Credit Union
www.cbcfcu.com

Main office

1301 N. Hwy 35 Bypass & Steele Road
Alvin, TX 77511
(281) 331-2253

Lobby Hours: Mon-Thur: 9:00am-4:00pm
Friday: 9:00am - 6:00pm

Drive-thru Hours: Mon-Fri: 7:30am-6:00pm
Saturday: 8:00am-12:00pm

Plant office

FM 2917 Solutia Plant Site
Alvin, TX 77511
(281) 228-4777

Lobby Hours: Mon-Fri: 7:00am - 3:00pm
Wed: 9:00am - 3:00pm

