

STATEMENT OF FINANCIAL CONDITION DECEMBER 31, 2018

JAMES REYNOLDS, TREASURER

ASSETS BALANCE

Loans to Members	\$29,593,640.83
Less: Reserve for Loan Losses	(\$279,568.28)
Net Loans	\$29,314,072.55
Receivables/CU	\$10,464.95
Total Cash	\$1,250,959.44
Total Investments	\$3,906,985.54
NCUA NCUSIF	\$341,265.48
Prepaid & Deferred	\$233,905.74
Total Fixed Assets	\$1,316,189.00
Total Accrued Income	\$133,488.82
Total Other Assets	\$2,068,937.00
TOTAL ASSETS	\$38,576,268.52

LIABILITIES & EQUITY

Accounts Payable	\$454,996.79
SPCO CU Line of Credit	\$1,000,000.00
Other Liabilities	\$134,689.88
TOTAL LIABILITIES	\$1,589,686.67

Total Deposits	\$33,450,081.94
Regular Reserves	\$1,705,902.39
Undivided Earnings	\$784,571.32
Undivided Earning Merger	\$1,072,021.00
Unrealized Gain/Loss CDs	(\$25,994.80)
TOTAL LIABILITIES & EQUITY	\$38,576,268.52

MEMBERSHIP 3,548

OUR MISSION
TO BE THE TRUSTED PARTNER IN EACH
MEMBER'S FINANCIAL LIFE.

12755 N. HOUSTON-ROSSLYN RD.
HOUSTON, TX 77086
713.455.8586 • 800.388.5350

LOBBY & DRIVE-THRU HOURS | MONDAY – FRIDAY
9 A.M. – 4:30 P.M.



**ANNUAL
REPORT
2018**

www.SPCOCU.org



Federally
Insured
by NCUA

CEO AND CHAIRMAN ANNUAL MEETING ADDRESS

On behalf of the Board of Directors, Management and Staff of SPCO Credit Union, we are happy to report on the progress of SPCO Credit Union. As always, we thank you for your loyalty and support.

The foundation of our unique cooperative business model, "One member, one vote," empowers all member-owners, to have a voice in your financial institution. When you participate in your credit union's voting process, you're contributing to our future growth and potential, so thank you for being here.

We're happy to report that credit unions across the country are doing extremely well. Texas has 461 credit unions with more than 8.8 million members and total current assets of \$79 billion. These figures reflect a robust and healthy credit union system, of which SPCO Credit Union is a part.

Since SPCO opened for business in April 1936, we've grown to 3,548 members, and our assets have grown to \$38,576,268.52. We are very proud of how far we've come in the 83 years since we opened and know our many accomplishments would not be possible without the ongoing energy, optimism, and commitment that our Board of Directors, employees, and members have in our cooperative, not-for-profit entity.

We would like to recognize our Board of Directors for their responsible stewardship of our principles, philosophy, and mission; our outstanding leaders for their insightful strategic planning and organization; our dedicated employees for embracing our values and goals; and our loyal members who appreciate the many ways their credit union is a partner in their financial wealth. Because of the work we've all done together, this credit union is thriving.

From a business perspective, we joined our fellow credit unions in weathering a tumultuous 2018 in the lead-up to the midterm elections. In fact, we can say that 2018 was one of the most controversial years in the history of the nation. And while a barrage of political headlines competed for our attention, we continued to focus on the future and the things that really matter to our members.

One of the biggest ongoing issues we faced in 2018 was data breaches because merchants across the country continue to be vulnerable. A report from cybersecurity firm Shape Security

showed that almost 90 percent of the log-in attempts made on online retailers' websites are hackers using stolen data. Many of these breaches were caused by flaws in the retailers' payment systems, where hackers found a way to take advantage.

The good news is that SPCO Credit Union suffered no data breaches, and we've taken appropriate steps to ensure that your data remains secure. We are also committed to remaining vigilant to cyber threats, so the issue of data breaches is something we will engage with our lawmakers about in 2019, along with our associations, Cornerstone Credit Union League and Credit Union National Association.

As you can see from this Annual Report, SPCO's financial standing is strong. Some of the highlights include:

- Member-owners have borrowed more than \$10.4 million in new loans, in the 2017-2018 fiscal year. This reflects the continued optimism in our economy and trust in your credit union.
- While loans held steady, delinquencies remain low at 1.41%. This is a reflection of both our competitive rates and your strong commitment to honoring your financial obligations with us.
- SPCO Credit Union is a well-capitalized financial institution, with a strong net worth ratio of 9.25%. To put that in perspective, a net worth position above 7 percent is considered well capitalized by our regulators.

You can find additional details regarding the financial position of SPCO Credit Union, in this Annual Report.

As we move into 2019, our commitment to you is that SPCO Credit Union will continue to grow responsibly while listening and responding to your needs. We will explore innovative product and service solutions to enhance your financial life, and we'll develop our staff and board so they can confidently and wisely serve your interests.

Our member-owners are integral to our credit union family, and we are sincerely grateful that you've chosen SPCO as your financial partner. We look forward to a great 2019.

Tim Adams
PRESIDENT / CEO

Steve Emmott
CHAIRMAN

Union primarily serves members of the railroad industry and Rosenberg Rail Road Museum preserves that history. Employees of the museum and members live across Houston and the neighboring communities that the credit union currently serves. SPCO Credit Union believes that adding the employees and members of Rosenberg Rail Road Museum to the credit union's Field of Membership will benefit all existing members and future members.

CHANGES TO ARTICLES OF INCORPORATION AND BYLAWS

Be it resolved, that Chapter III, Section 3.01, of the credit union's bylaws be amended to hereafter read as follows:

Rosenberg Rail Road Museum and SPCO Credit Union mutually agree that a common beneficial interest exists between the two (2) organizations. SPCO Credit

2018 INDEPENDENT AUDITOR'S REPORT

The Board of Directors is primarily responsible for monitoring the safety and soundness of SPCO Credit Union, as well as, the credit union's adherence to operating policies, procedures, and regulations.

Each year the Board oversees the annual audit performed by an independent auditing firm. A. John Weaver & Associates conducted the annual audit in 2018. In their opinion, the financial statements were correct and fairly presented and no material discrepancies were identified as of November 1, 2017, through October 31, 2018.

SPCO Credit Union and its assets remain financially sound and secure.

BOARD OF DIRECTORS & TERM EXPIRATIONS

CHAIRMAN | Steve Emmott | 2019*

VICE CHAIRMAN | Harvey L. Hayes, Jr. | 2019*

SECRETARY | Dee Farino | 2019*

TREASURER | James Reynolds | 2020

DIRECTOR | Janice Mayes Clayton | 2019*

DIRECTOR | Marlin Phillips | 2021

DIRECTOR | Tim Adams | 2021

*These Board Members are up for reelection in 2019. Elections will be held on May 28, 2019 at the Annual Meeting.

NOMINATING COMMITTEE

Charley Johnson

Marlin Phillips

James Reynolds

EXECUTIVE MANAGEMENT TEAM

PRESIDENT / CEO

Tim Adams

SENIOR VICE PRESIDENT OF ADMINISTRATION

Katyanna Smith