



2017  
*Annual*

REPORT





When our credit union founders opened for business in 1967, they could only have dreamed that their vision for a banking alternative for their small field of membership might be successful. They couldn't know their venture would grow from 2,469 members to more than 11,000 in 50 years and that our assets would grow from 205 Thousand to 120 Million. We look back on those earliest days with gratitude for their courage, but also with a sense of awe at how far we've come.

In celebration of our 50th Anniversary, LSCU employees committed to performing 50 Acts of Kindness in our communities to commemorate each year of service. A few of the acts included volunteering at the North Texas Food Bank, Lake Ray Hubbard Litter Pick-Up, and Terrell State Hospital, as well as delivering supplies to schools and appreciation baskets to Police & Fire Stations. Seeing the positive impact a small gesture can make in someone's day was an experience that touched all of our hearts and will continue to keep our communities at the focus of our mission.

2017 was also a year of innovation for LSCU. As we successfully converted to a new Member-centric core processing system in June, we also launched new services such as mobile banking, mobile deposit, and a new online banking website. These new systems have empowered our staff to view Members' entire relationship with LSCU and, in turn, allowed us to find and provide better solutions to your financial goals.

As we move into 2018, we will continue to grow responsibly while listening and responding to your needs; explore innovative product and service solutions; and develop our staff and board so they can confidently and wisely serve your interests.

Our Members are essential to our credit union family, and we are sincerely grateful that you've chosen us as your financial partner. We look forward enthusiastically to a great 2018.

*Jerry Clancy*

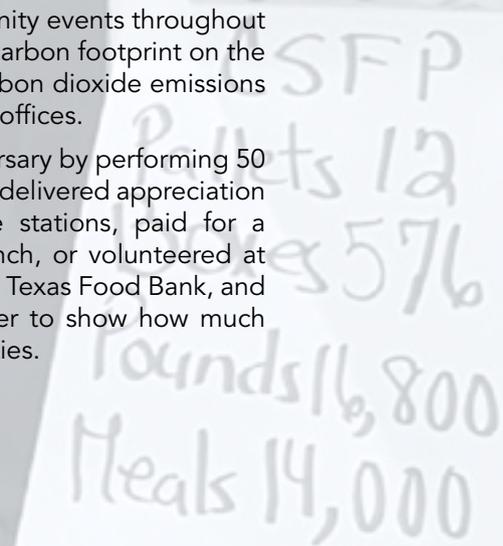
President & CEO

# Community

Our communities are how we are connected to one another. Not just important to give back but to strengthen, grow, and most importantly, show our gratitude. Without the support of our communities we would not be able to fulfill our mission.

In 2017, we championed for a variety of local causes, events, and organizations. We donated \$3,300, provided \$5,200 in sponsorships, and raised more than \$8,000 for charity. Our employees volunteered at and attended more than 46 community events throughout the year. We also reduced our carbon footprint on the environment by 3480 lbs of carbon dioxide emissions through recycling efforts in our offices.

We celebrated our 50th Anniversary by performing 50 Acts of Kindness. Whether they delivered appreciation baskets to local fire & police stations, paid for a strangers groceries, gas, or lunch, or volunteered at the Terrell State Hospital, North Texas Food Bank, and many more; our staff was eager to show how much they care about their communities.



## Donations & Sponsorships



# Leadership

The board of directors is made up of Members from our local communities who volunteer their time. Directors are elected as representatives to guide LSCU in its mission, establish governance policies, and to monitor the performance of Lone Star Credit Union.

LSCU would like to recognize Ed Reeve for his 22 years of volunteer service on the Board of Directors. Ed began volunteering as a member of the LSCU Supervisory Committee in 1996, and will resign from the Board at the end of his current term.

## Board of Directors *(Term Expiration Year)*

Wayne Price, Chairman of the Board (2018)  
Ed Reeve, Vice Chairman (2018)  
Jerry Clancy, Treasurer (2018)  
Marki Holmes, Secretary (2020)  
Dr. Graham Sweeney, Director (2020)  
Kim Marszalek, Director (2018)  
Ryan Holloway, Director (2020)

## Advisory Board

Jack Smith  
Jason White

## Audit Committee

Dr. Graham Sweeney, Chairman  
Marki Holmes, Vice Chairman  
Kim Marszalek, Committee Member

## Bylaw Amendments

There were no amendments to the Lone Star Credit Union Bylaws in 2017.

# Audit Committee Report

| from Dr. Graham Sweeney, Audit Committee Chairman

The Audit Committee, appointed by the Board of Directors, is responsible for ensuring the credit union's established policies and procedures are followed and that the credit union operates in compliance with state and federal guidelines. Lone Star Credit Union is a state-chartered credit union insured by the National Credit Union Administration (NCUA). The annual state required supervisory audit was conducted by McGladrey LLP using financial data as of June 30, 2017.

# Treasurer's Report

| from Board Treasurer, Jerry Clancy

Lone Star Credit Union is committed to providing excellent Member service and helping people achieve their financial goals. Throughout 2017, Lone Star Credit Union continued to grow stronger to meet these objectives.

Lone Star Credit Union ended 2017 with over \$120M in assets, a 3% increase over 2016. The loan portfolio reached \$100.7M in total loans outstanding, up a strong 9% from the prior year, indicating your confidence in us as a prime source for your lending needs. LSCU's capital ratio decreased to 6.73%; however, we remain well-positioned to continue providing high quality, affordable financial services to our Members. Loan interest income for 2017 was \$4.4M, up over 3% from 2016. LSCU paid a total of \$419,159 in dividends to our Members in 2017. The net income loss for the year was \$444,580. The primary cause for income loss was due to accounting for the loss reported by PureIT Credit Union Services, a start-up credit union service organization (CUSO) in which LSCU holds 50% ownership. Lone Star Credit Union ended 2017 proudly serving 11,285 Members.

I wish to personally thank each Member for your continued support of Lone Star Credit Union. We value your trust and look forward to helping you feel financially empowered now, and in the future.

# New Services



Online Banking Platform



Mobile Banking App with Mobile Deposit



Member Credit Protection

## Statement of Income

INCOME	2017	2016
Interest on Loans	\$ 4,423,034	\$ 4,278,443
Investments	\$ 235,168	\$ 244,423
Non-Interest Income	\$ 1,557,658	\$ 2,081,860
<b>TOTAL INCOME</b>	<b>\$ 6,215,860</b>	<b>\$ 6,604,726</b>
EXPENSE		
Non-Interest Expense	\$ 5,783,210	\$ 5,718,021
Total Interest Expense	\$ 419,159	\$ 380,984
Provision for Loan Loss	\$ 463,233	\$ 206,494
<b>TOTAL EXPENSE</b>	<b>\$ 6,665,602</b>	<b>\$ 6,305,499</b>
Non-Operating Expense	\$ (5,162)	\$ (8,233)
<b>NET INCOME (LOSS)</b>	<b>\$ (444,580)</b>	<b>\$ 290,994</b>

## Statement of Financial Condition

ASSETS	2017	2016
Loans	\$ 100,793,703	\$ 92,423,487
Less Allowance for Loan Loss	\$ (487,165)	\$ (501,159)
Net Loans	\$ 100,306,538	\$ 91,922,328
Cash	\$ 1,513,175	\$ 1,531,406
Investments	\$ 12,398,208	\$ 16,915,757
Net Fixed Assets	\$ 3,492,052	\$ 3,333,066
Other Assets	\$ 3,075,702	\$ 3,553,764
<b>TOTAL ASSETS</b>	<b>\$ 120,785,675</b>	<b>\$ 117,256,321</b>
LIABILITIES, SHARES & EQUITY		
Total Liabilities	\$ 677,281	\$ 1,238,041
Shares	\$ 112,002,325	\$ 107,465,489
Equity	\$ 8,107,069	\$ 8,552,792
<b>TOTAL LIABILITIES, SHARES &amp; EQUITY</b>	<b>\$ 120,785,675</b>	<b>\$ 117,256,321</b>
MEMBERS	11,285	11,522



*LoneStar*  
CREDIT UNION