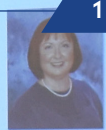




# ANNUAL REPORT

Tennessee Members 1<sup>st</sup> Federal Credit Union  
For year ending December 31, 2023.





Pam Gorman



Judy Stone Wilson



Please review the insert found in your Annual Report for the full biographies of our Board of Director nominees or find it online at [mymembersfirst.org/event?team](https://mymembersfirst.org/event?team) or by scanning the QR code to the left.



# CONNECT

*with your credit union.*

## OUR MISSION

Provide quality member-based and valued financial services.

## OUR VISION

Tennessee Members 1<sup>st</sup> Federal Credit Union exists to provide quality financial services for its members. We seek to enhance each member's financial well-being and earn their trust and confidence by operating in an ethical and financially sound manner.

## OUR VALUES

Quality, Integrity, Accountability, and Service.

Federally insured by NCUA.  
Equal Housing Opportunity.  
A CDFI Certified Credit Union.

Oak Ridge Branch and Main Office  
P.O. Box 6828  
112 Administration Road,  
Oak Ridge, TN 37831  
p: (865) 482-4343 f: (865) 482-2617

Knoxville Branch  
112 Marketplace Blvd.,  
Knoxville, TN 37922  
p: (865) 539-4344 f: (865) 539-4143

Audio Response Teller  
p: 865-813-4351  
Toll Free: 866-332-6009

[mymembersfirst.org](https://mymembersfirst.org)





# ANNUAL MEETING AGENDA



## CALL TO ORDER

Welcome

Quorum determination

Adopt agenda - members will vote on agenda adoption

## MINUTES OF THE LAST MEETING

Members will vote on approval of the minutes

## REPORTS

Board Chairperson

Supervisory Committee

President & CEO

## OLD & NEW BUSINESS

## ADJOURNMENT

Members will vote to adjourn



# MINUTES OF THE LAST MEETING

**CALL TO ORDER.** Board Chair Sonya Jackson welcomed attendees to the 76th Annual Meeting at 6:30 PM. Ms. Jackson gave thanks to those attending the in-person meeting and expressed gratitude to the American Museum of Science and Energy in Oak Ridge for allowing the use of their facilities. She commented that through years of uncertain circumstances, the Credit Union has remained consistent and strong in helping members meet the financial needs of our community. After Ms. Jackson confirmed with the Board Secretary that a quorum was present, she accepted a motion to approve the agenda. The motion was seconded and approved by voice vote.

**APPROVAL OF MINUTES.** Ms. Jackson refers members to the minutes of the 75th Annual Meeting and requested approval. A motion to accept the minutes was made, seconded, and approved by voice vote.

**INTRODUCTION OF THE BOARD.** Ms. Jackson introduces the Board members: Vice Chair, Judy Stone Wilson; Board Secretary/Treasurer, Gary Beckner; Linda McBrearty; Don Quinley; Bryce Robinson; and Nancy Taylor.

**BOARD CHAIR REPORT.** Ms. Jackson noted that during 2022, the Board, President/CEO, and Officers continued to initiate policies that encourage growth, develop opportunities to lend responsibly, manage investments wisely, and spend money carefully to maintain an operationally sound institution. Significant goals for the Credit Union included an enhanced digital banking presence featuring digital wallet, education loans, and the first annual Community Day. Community Day provides an opportunity for the Credit Union and its Community Partners to engage with members more closely. During 2022, the Credit Union provided \$12,000 in scholarships and donations to community partners that work to serve our members and the counties in our CDFI area. During 2022, the Credit Union also began laying the groundwork for updated branding. We are thankful for the hard work and forward vision put forward by the President/CEO, Officers, and Staff of Tennessee Members 1st. Ms. Jackson invited everyone to view the Annual Report details on the Credit Union website.

**PRESIDENT'S REPORT.** Rick Mikels, TMFCU President/CEO, expressed gratitude for the in-person meeting. The presence at the annual meeting is important because it also helps the community. For each person attending, the Credit Union is donating \$10 to the East Tennessee Foundation (total \$540).

Mr. Mikels honored staff members on their continued service: Tanda Woods (25 years), Leah Gilbert (20 years), Terri Cruze (10 years), and Suzy Rhodes (5 years).

Mr. Mikels noted Tennessee Members 1st was founded 77 years ago in 1946. Today (March 23, 2023) represents the 100-year anniversary of credit unions in the State of Tennessee. Mr. Mikels notes the Credit Union made several enhancements to help serve members in 2022. The Credit Union continues to enhance digital capabilities by integrating mobile payments with Apple Pay® and Google Pay. The Credit Union is strengthening our efforts to customize member service – by making it easier to get a loan, deposit a check, and pay bills, more time is available to do what is important.

Over the years since our founding, the names and faces have changed, and the Credit Union now serves more than just limited employee groups. We serve communities in three counties. One constant principle - PEOPLE HELPING PEOPLE is becoming FINANCIAL WELL-BEING FOR ALL. Tennessee Members 1st is evolving as well. Soon, we will be modernizing our logo to better make the point. Since our 2020 CDFI designation, we have begun working to provide better products to those with low to moderate incomes. As an example, during 2022, the Credit Union made 36 payday-alternative loans that helped keep the members from payday lenders (where high interest and a repeated borrowing cycle often occurs). Since the inception of our Smart Drive program, we have helped 200 individuals get away from buy-here-pay-here car lots. With the CDFI focus, serving the underserved is good for the community and good for the Credit Union.

After years of low rates, 2022 saw interest rates began to climb. Members were aided with certificate of deposit specials. The Credit Union assets remain stable at about \$100 million. While loans did grow, delinquencies were kept stable. The Credit Union net worth (capital) remains at about 10% (which is considered well capitalized). In 2021, the Credit Union received a grant which has helped fuel some of our initiatives.

Since Silicon Valley Bank (SVB) was in the news recently, Mr. Mikels highlights key differences between a local credit union and banks:

- While SVB was a large California regional bank, our credit union is local.
- While banks are investor-owned with a profit motive, credit unions are not-for-profit member-owned financial cooperatives.
- While SVB had a highly compensated board, the Credit Union has an uncompensated, volunteer board.
- While SVB focused on commercial investment and private wealth management, credit unions focus on member needs.
- While SVB had a large amount of uninsured deposits (90% exceeded \$250,000), our credit union has few uninsured deposits (about 2%). (Tennessee Members 1st can help our members find ways to maximize insurance coverage if their deposits exceed the insurance limit.)

Mr. Mikels reminds everyone that the best place to learn about what is new is to call us, come by, or access the Credit Union website ([mymembersfirst.org](http://mymembersfirst.org)). For those with online account access, we are periodically updating the Banno mobile app. There are a lot of choices out there, thanks for your credit union membership and your attendance.

**QUESTIONS.** In response to Mr. Mikels' request for questions, a member asked the status of a problem with the mobile app not properly syncing with the credit card. Ms. Ballenger responded that the Credit Union has been actively working with the credit card issuer to improve the integration between their platform and the mobile app. The Credit Union recognizes this is a problem. As the Credit Union continues working with the various system owners, please let the Credit Union know if there appears to be an issue.

**SUPERVISORY COMMITTEE REPORT.** Ms. Jackson introduced the Chair of the Supervisory Committee, Mr. Wayne Missaggia. Mr. Missaggia introduced the other members of the Committee – Mr. Don Quinley and Ms. Kathy Warren (not present). Mr. Missaggia commented that 2022 was very eventful because the oversaw the solicitation and hiring of a new external auditor. While the most recent audit report has not been issued yet, we have not been advised of any significant issues. The Supervisory Committee has determined the Credit Union is in a good financial position, healthy, and moving in the right direction.

**ELECTION OF BOARD MEMBERS.** Chair, Sonya Jackson recognized Nominations Committee Chair, Linda McBrearty. Ms. McBrearty indicated it was necessary to elect 2 Directors to replace Board members whose terms have expired. Ms. McBrearty stated that Judy Stone Wilson agreed to serve as a director for an additional year and that Pam Gorman was nominated to fill the other vacancy. Ms. Jackson explains CU bylaws provide nominations from the floor are not necessary when there are sufficient candidates to fill all vacancies. At the Chair's request, members approved the nominees by acclamation.

**DOOR PRIZES.** A drawing was held to award door prizes.

**RECOGNITION OF DON QUINLEY.** Ms. Jackson presented Mr. Quinley with a gift and plaque recognizing his service to the Credit Union as a member of the Board. Mr. Quinley was a member of the Board from 2013 through 2022 and served as Board Chair from 2016 to 2021. When Mr. Quinley leaves the Board, his service continues as a member of the Supervisory Committee.

**ADJOURNED.** Ms. Jackson received a motion to adjourn and a second. The members voted to adjourn by voice vote.

Report from the

# CHAIRPERSON OF THE BOARD

Financial markets have faced disruptions to financial stability during 2023. TN Members 1<sup>st</sup> has emerged with greater insight and stronger commitment to serving their members with financial capability and more involvement in their community.

Throughout 2023, your credit union had many accomplishments. The highlights across our product, service, and community initiatives include an updated ATM at the Oak Ridge Branch; introducing credit builder loans; updating our printed and estatement service, providing faster mailing of printed statements and easier access to estatements; expanding member communication channels, including the ability to securely video chat through digital banking; engaging with members through events and activities across our membership counties including the Oak Ridge Business Expo, Shred Days, Community Day, and supporting sponsorships with Community Partners and local organizations; laying the groundwork for many exciting product and service updates that already have or will be launching in 2024 such as Contactless Debit Cards, an updated Courtesy Pay Program, and easier to navigate website; awarding over \$17,500 in sponsorships, donations, and Community Partner support to organizations serving both our membership and Community Development Financial Institution counties; and most notably TN Members 1<sup>st</sup> introduced our new look with updated colors, logo, and branch designs. We're excited to continue updates and improvements to our branch interiors to not only make them a welcoming space for our members but also share more about the credit union's history and our commitment to serve our community.

Your credit union is very strong and well capitalized as evidenced by reserves at 11.40%. A well-capitalized credit union, as measured by the National Credit Union Administration, has at least 7% in reserves. During this year, our return on average assets was -.05% which is lower than our planned objective but evidence of a tumultuous economic market. The credit union continues to manage expenses carefully with a 3.49% operating expense ratio (expenses vs. assets), In 2023, we have maintained low







fees and have maintained low loan losses and chargeoffs of 0.23%. We continue to focus on reducing loan delinquencies by employing responsible lending policies, working with members to assist as needed, and employing insurance programs to reduce losses. By continuing to have low operating expenses and working on reducing our loan losses, we can offer competitive rates to our members.

We continue to examine our policies and procedures not only to comply with the National Credit Union Administration's (NCUA) requirements but also to develop a business agility and member service culture to provide the best use of our resources and improve our service to you. In its 2023 examination, the NCUA found only a few minor issues with the credit union's operation and policies, which are already being addressed.

While we have a well-lead staff of dedicated employees, the credit union continues to need your involvement by your input and as volunteers for the various necessary unpaid/nonstaff committees required by regulation and to operate effectively to serve the membership. I encourage you to inquire about the many volunteer opportunities within your credit union.



Encourage your family and friends to check with the credit union to see how our enhanced lending capabilities can assist them. Thank you for your continued support of your credit union. As a fellow member owner of Tennessee Members 1<sup>st</sup> Federal Credit Union, we all benefit when our credit union succeeds. Please let us know when you are satisfied with our service and when you are not. After all, you don't just bank with us, you own us.

#### PHOTOS:

- Page 5, Top: Collection of diapers and wipes from the 7th Annual Diaper Drive, February 2023.
- Page 5, Bottom: Updated membership and information materials displayed at a community booth, August 2023.
- Page 6, Top: 2nd Annual Community Day, November 2023.
- Page 6, Bottom: Newly installed ATM at the Oak Ridge Branch, April 2023.

## Board of Directors

# CANDIDATE BIOGRAPHIES

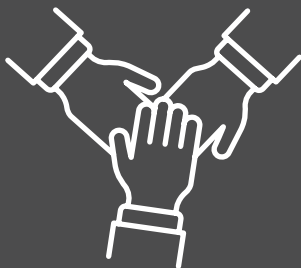
Board members work as a team to help drive the mission of the credit union forward with a focus on multiple areas including but not limited to policies and budgets.

### CRYSTAL JORDAN

A member of the credit union for nearly 30 years, Crystal Jordan is the Marketing Manager at Methodist Medical Center and serves as a valuable member of the leadership Steering Committee. Nominated to the TN Members 1<sup>st</sup> Board by Jeremy Biggs, President and CAO of Methodist Medical Center, Crystal is involved in the Oak Ridge community in various capacities and looks forward to bringing her experience and insight to the TN Members 1<sup>st</sup> Board of Directors.

### KATATRA VASQUEZ

Katatra Vasquez, a member of the credit union for over 20 years, was born in Dayton, Ohio, and is now a proud resident of Oak Ridge, Tennessee. A Tuskegee University graduate, Katatra has dedicated her career to preserving history and protecting the environment, ensuring that future generations have a tangible connection to their past. She made history as the first African American woman to serve as the National Environmental Policy Act Compliance Officer and Historic Preservation Management Coordinator for the U.S. Department of Energy's Oak Ridge Office. Katatra has excelled in partnership and program management, engaging a wide range of stakeholders. Her leadership has been recognized with various accolades, including the Greater Knoxville Business Journal's Top 40 Under 40 Leaders, the YWCA Tribute to Women Award, and the prestigious U.S. Department of Energy Secretary's Achievement Award. Beyond her professional commitments, Katatra is deeply involved in nonprofit work, serving on boards and volunteering for numerous community initiatives.



### VOLUNTEER WITH THE CREDIT UNION

Volunteers are an important part of the credit union and help drive our mission forward. We have several volunteer opportunities for members to participate in and would love to learn what area interests you or is a good fit with your experience and expertise. Contact the credit union at 865-482-4343 or stop into your local branch to learn more.



Report from the


# SUPERVISORY COMMITTEE

Annually, records and processes of the credit union are examined and scrutinized by the National Credit Union Administration (NCUA). In addition, for 2023, a Certified Financial Statement Audit was performed in accordance with Generally Accepted Auditing Standards (GAAS) by Nearman, Maynard, Vallez, Certified Public Accountants, Public Accountants. The Supervisory Committee reviews all audit and examination results provided by NCUA and auditors. Based on these results and the Supervisory Committee's own assessments, it is the committee's opinion that the Tennessee Members 1<sup>st</sup> Federal Credit Union is in good financial condition and in compliance with state and federal regulatory requirements. The Supervisory Committee is also pleased to report that members' assets remain safe and secure.

## BY THE NUMBERS

Numbers reflect data as of December 31, 2023

 **4,689**  
MEMBERS FOUND  
IN 35 STATES ACROSS THE USA

71% INCREASE  
IN SOCIAL MEDIA  
INTERACTIONS   
FROM 2022 TO 2023

**\$17,553.73**   
IN DONATIONS TO COMMUNITY PARTNERS

CREDIT UNION INFORMATION SEEN NEARLY  
**3 MILLION**   
TIMES BY LOCAL COMMUNITY MEMBERS  
THROUGH DIGITAL ADVERTISING EFFORTS


**41%** INCREASE IN DIGITAL  
WALLET ENROLLMENTS

 MEMBERSHIP SPANNING  
7 DIFFERENT GENERATIONS

**2,107**  
MEMBERS ENROLLED  
IN ESTATEMENTS



ENGAGED WITH 10 COMMUNITY PARTNERS  
ASSISTING POPULATIONS ACROSS ALL 9 OF  
OUR COMMUNITY INITIATIVE COUNTIES

**2,754**  
ENROLLED  
DIGITAL  
BANKERS 

# BALANCE SHEET

## ASSETS

	2023	2022
LOANS TO MEMBERS	\$44,777,946	\$48,248,795
ALLOWANCE FOR CREDIT LOSS	\$(218,391)	\$(244,256)
OTHER RECEIVABLES	\$403,581	\$518,338
LIQUID FUNDS	\$2,279,179	\$2,946,703
INVESTMENTS	\$43,317,551	\$42,931,061
ACCRUED INCOME	\$288,639	\$248,452
PREPAID EXPENSES	\$201,311	\$247,195
FIXED ASSETS	\$1,844,697	\$1,759,528
OTHER ASSETS	\$3,414,274	\$3,313,780
<b>TOTAL ASSETS</b>	<b>\$96,308,786</b>	<b>\$99,969,596</b>

## LIABILITIES

TAXES PAYABLE	\$27,451	\$25,065
ACCRUED EXPENSES	\$181,501	\$164,884
BORROWINGS	\$0	\$2,000,000
OTHER LIABILITIES	\$1,124,570	\$691,873
<b>TOTAL LIABILITIES</b>	<b>\$1,333,522</b>	<b>\$2,881,822</b>

## EQUITY

SHARES	\$88,582,369	\$91,372,855
RESERVES	\$10,919,425	\$10,862,999
UNREALIZED GAIN (LOSS) ON INVESTMENTS	\$(4,526,530)	\$(5,148,080)
<b>TOTAL EQUITY</b>	<b>\$94,975,264</b>	<b>\$97,087,774</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$96,308,786</b>	<b>\$99,969,596</b>

# INCOME STATEMENT

<b>OPERATING INCOME</b>	<b>2023</b>	<b>2022</b>
INTEREST FROM LOANS	\$2,267,810	\$1,876,636
INVESTMENT INCOME	\$1,094,858	\$538,107
FEES AND CHARGES	\$133,104	\$149,553
OTHER INCOME	\$525,219	\$437,500
<b>TOTAL OPERATING INCOME</b>	<b>\$4,020,991</b>	<b>\$3,001,796</b>
<b>OPERATING EXPENSE</b>		
EMPLOYEE COMPENSATION	\$1,143,186	\$1,068,605
EMPLOYEE BENEFITS	\$214,238	\$235,352
TRAVEL AND CONFERENCES	\$11,548	\$12,858
ASSOCIATION DUES	\$17,740	\$17,548
OFFICE OCCUPANCY EXPENSE	\$244,564	\$236,257
OFFICE OPERATIONS EXPENSE	\$384,347	\$360,421
PROMOTION AND MARKETING	\$127,365	\$99,784
LOAN SERVICE EXPENSE	\$705,159	\$568,310
PROFESSIONAL AND OUTSIDE SERVICE	\$634,320	\$611,215
SUPERVISORY AND EXAMINERS	\$15,958	\$15,820
PROVISION FOR CREDIT & LOAN LOSSES	\$(26,770)	\$89,909
INTEREST ON BORROWED FUNDS	\$40,219	\$12,427
MISCELLANEOUS EXPENSE	\$58,287	\$36,780
<b>TOTAL OPERATING EXPENSE</b>	<b>\$3,570,161</b>	<b>\$3,365,286</b>
<b>OTHER NONOPERATING (INC) EXPENSE</b>	<b>\$(203,176)</b>	<b>\$(1,256,758)</b>
(GAIN) LOSS ON INVESTMENTS	\$0	\$0
(GAIN) LOSS DISP. OF ASSETS	\$251	\$0
<b>DIVIDENDS TO MEMBERS</b>	<b>\$710,282</b>	<b>\$209,901</b>
<b>NET INCOME</b>	<b>\$(56,527)</b>	<b>\$683,367</b>



