



# ANNUAL REPORT

Tennessee Members 1<sup>st</sup> Federal Credit Union  
For year ending December 31<sup>st</sup>, 2021



#### Oak Ridge Branch

•  
PH: 865-482-4343  
112 Administration Road,  
Oak Ridge, TN 37830

#### Knoxville Branch

•  
PH: 865-539-4344  
112 Marketplace Blvd.,  
Knoxville, TN 37922

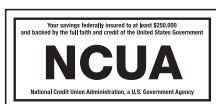
#### Audio Response Teller

•  
PH: 865-813-4351  
Toll Free: 866-332-6009

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

# 75<sup>th</sup> ANNUAL MEETING AGENDA

- **Call to Order:**
  - Welcome
  - Quorum Determination
  - Adopt AgendaMembers will vote on agenda adoption.
- **Minutes of the Last Meeting**  
Members will vote on approval of minutes.
- **Reports:**
  - Board Chair
  - Supervisory Committee
  - President/CEO
- **Election of Officials**  
Members will vote on Board of Director nominees.
- **Old Business**
- **New Business**
- **Adjournment**  
Members will vote on adjournment.



# CONNECT

## WITH YOUR CREDIT UNION

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### Oak Ridge Branch and Main Office

PO Box 6828, 112 Administration Road, Oak Ridge, TN 37831

p: (865) 482-4343      f: (865) 482-2617

### Knoxville Office

112 Marketplace Blvd., Knoxville, TN 37922

p: (865) 539-4344      f: (865) 539-4143

### Audio Response Teller

PH: 865-813-4351      Toll Free: 866-332-6009

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

### Social Media

Search TNMembers1stFCU on Facebook and Twitter for information about products and services we offer, updates on special hours or maintenance, and tips to help you along your financial journey.

### CO-OP Shared Branching & ATMs

As a member of TN Members 1st FCU, you have access to more than 5,000 shared branches and nearly 30,000 shared surcharge-free ATMs across the country! At a CO-OP Shared Branch location you can make deposits and withdrawals; make loan payments; receive loan advances; and access Visa funds. For more information, visit: [mymembersfirst.org/shared-branch-locator](http://mymembersfirst.org/shared-branch-locator)

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### 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.

# MINUTES

## OF THE 74TH ANNUAL MEETING

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**Meeting Details.** Assistant Vice President for Marketing, Richelle Ballenger welcomed attendees and explained the Zoom polling (process for voting) and chat (for questions).

**Call to Order, Quorum Determination, and Agenda Approval.** Board Chair, Don Quinley, welcomed attendees to the 74<sup>th</sup> Annual Meeting at 7:00 PM. A quorum was determined to be present and the Chair asked for approval of the Annual Meeting agenda. The agenda was approved via Zoom polling.

**Approval of Minutes.** Mr. Quinley refers members to the minutes of the 73<sup>rd</sup> Annual Meeting and requested approval. The minutes were approved by Zoom polling.

**Introduction of the Board.** Mr. Quinley introduces the Board members: Sonya Jackson; Gary Beckner; Eric Goins; Tracy Larabee; Ryan Howerton; and, Judy Stone Wilson.

**Board Chair Report.** He noted that during 2020, the CU Board, President/CEO, and officers continued to initiate policies and programs to strengthen the ability of the CU to encourage membership growth, develop opportunities to lend responsibly, and manage investments wisely in an effort to spend the CU money (your money) in continuing to operate a sound institution. One of our goals for 2020 was to become certified as a Community Development Financial Institution (CDFI). We achieved that goal and are the only CDFI in our service area. This Treasury Department certification allows us to meet lending needs that could not be met before. In addition, the credit union is on the cusp of meeting more of your needs remotely. This includes more remote services like remote account opening. The entire annual report is available online.

**Introduction of the Supervisory Committee.** Mr. Quinley introduced the Chair of the Supervisory Committee, Mr. Wayne Missaggia. Mr. Quinley indicates that Mr. Missaggia replaced Jackie Penland who had served the credit union for 26 years. Mr. Missaggia introduces the Supervisory Committee members: Jackie Penland (outgoing Chair of the Supervisory Committee), Alan Cabe, Sharon Cabe, and Pete Johnson. Mr. Missaggia thanked Ms. Penland for her 26 years of volunteer service to Tennessee Members 1<sup>st</sup>. Mr. Missaggia also solicited members to volunteer for the credit union Supervisory Committee.

**Supervisory Committee Report.** Mr. Missaggia explains that Tennessee Members 1<sup>st</sup> is examined annually by the National Credit Union Administration and an external auditor hired by the credit union. The Supervisory Committee is responsible for reviewing all audit and examination results. In addition, the Committee performs their own assessments. Based on the results of all these efforts, the committee's opinion is that Tennessee Members 1<sup>st</sup> FCU is in good financial condition and in compliance with federal and state regulations. The Supervisory Committee reports member assets are safe and secure.

**President's Report.** Rick Mikels, TMFCU President/CEO, thanked all the volunteers for their effort to ensure the credit union remained open. The CU remained in operation with only 2 short periods where the lobby was closed. Members were able to make use of the new, more reliable phone system (installed in 2020) and to utilize online services. During this period, Tennessee Members 1<sup>st</sup> was able to provide 133 loan deferrals with no fee where the member had a temporary or permanent job loss due to COVID-19. The credit union waived many fees during the year. The credit union was able to continue through the efforts of the staff. Mr. Mikels recognized 2020 staff milestones: Megan McCrary (5 years), Amber Tedford (15 years), and Dana Griffith (25 years).

Two rounds of stimulus payments and reduced interest rates resulted in growth for the union Balance Sheet. Tennessee Members 1<sup>st</sup> ended the year with just over \$90 million in assets (9% increase 2019). Lower rates encouraged many members to re-finance their mortgages and save money. The credit union did not raise fees, cut services, or staffing in order to invest in our members. While the credit union did see a loss, the credit union remains well-capitalized, healthy, and poised for future growth. In addition, Tennessee Members 1<sup>st</sup> was designated a CDFI – making it easier for the credit union to access grants that will provide greater reach to underserved areas within our 3-county charter area and beyond. The credit union weathered 2020 well with low delinquent loans, low charge-offs, and high liquidity which permits more loans in 2021. Mr. Mikels invited members to visit the credit union website to learn more about what the credit union offers. Mr. Mikels invited members to ask questions. None were received during the meeting.

**Election of Board Members.** Chair Don Quinley stated that the next agenda item was to fill the two expired Board member terms. Mr. Quinley introduced Nominations Committee Chair and Board Member Judy Stone Wilson to provide summary biographies for the 2 Board nominees (members are also invited to review the biographies found in the Annual Meeting package online). The nominees are Ms. Jackson (current member) and Mr. Bryce Robinson. Mr. Quinley explains CU bylaws provide nominations from the floor are not necessary when sufficient candidates equal vacancies. Mr. Quinley asks members to approve the nominees. The nominees were approved by Zoom polling.

**Special Recognition.** Chair Don Quinley expressed his thanks to Mr. Larabee for his time spent on the Board (Mr. Larabee's term completed with this meeting). As a CPA in Oak Ridge, Mr. Larabee was an invaluable asset to the Board. Mr. Quinley noted that while Mr. Larabee is leaving the Board, he plans to continue using Tennessee Members 1<sup>st</sup>.

**Old Business.** The Chair confirms there is no old business.

**New Business.** The Chair confirms there is no new business.

**Adjourned.** After the drawing for door prizes is held, Mr. Quinley thanked members for attending. The meeting was adjourned by mutual agreement.

# CHAIRPERSON OF THE BOARD REPORT

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Moving into 2021, we assumed the disruption the pandemic had brought would surely be coming to an end. It did not but we continued to make adjustments and forge ahead. In February 2021, we announced our new online payment portal which allows members to pay their TN Members 1<sup>st</sup> loans from another financial institution using a debit card or account number.

In May 2021, we completed a website refresh, giving mymembersfirst.org an updated look with a more streamlined navigation and page design. We also launched QCash, a payday lending alternative, where qualified members can get money when they need it most deposited right into their account with no credit check required.

June 2021 brought the launch of our online membership application and account opening, providing individuals the opportunity to join the credit union, or existing members to add an account, all from their computer or mobile device! We launched our new digital banking platform in August of 2021 and already have over 2,000 users, which is more than we had on our previous system.

In October 2021, we celebrated our 75<sup>th</sup> Anniversary with events, social media giveaways, and the launch of our Commitment to Community Initiative and donations. From October 2021 to March 2022, we have had the privilege of providing over \$4,500 in donations to select community partners. We look forward to continuing to support and give back to our 12 community partners in 2022.

In December 2021, our eStatement 'Save a Tree, Go Paper Free' campaign came to an end. With 110 eStatement enrollments from January 1 - November 30, 2021, we were able to plant 110 trees with the National Forest Foundation.

## **SO, HOW DID WE DO IN 2021**

Your credit union is very strong and well capitalized as evidenced by reserves at 10.17%. A well-capitalized credit union, as measured by the National Credit Union Administration, has at least 7% in reserves. During this turbulent year, our return on average assets was 0.65% with nearly all gross income returned to our members in the form of low loan rates, attractive certificate specials, and a low fee structure. Our income goal for 2022 is set at 0.70%.

The credit union continues to manage expenses carefully with a 3.09% operating expense ratio (expenses vs. assets), which is below our peers. In 2021, we maintained low fees and achieved a significant reduction of loan losses and charge-offs of 0.04%. We continue to focus on reducing loan delinquencies by employing responsible lending policies, working with members to assist, and employing new insurance programs to reduce losses. By continuing to have low operating expenses and working on reducing our low loan losses, we can offer competitive rates to our members.



## SO, WHERE DO WE STAND WITH OUR REGULATORS AND ACCOUNTANTS

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 to improve our service to you. In its most recent exam, the NCUA found only a few minor issues with the Credit Union's operation and policies. These have already been addressed. Our independent Accountant's Report is a good bill of health with no exceptions. Your credit union leverages its staff's capabilities by employing leading professional providers for Human Resources, Investments, Asset Loss Management, as well as Information Technology (IT).

## SO HOW, AS OWNERS, DO YOU FIT IN

While we have a well-led staff of dedicated employees, the credit union continues to need your involvement through your input and interest in volunteering for the various necessary unpaid/non-staff committees required by regulation and to operate effectively to serve the membership. I encourage you to ask what you can do to make the credit union your best business. 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. "It's All About You!" is our motto. When you receive service at Tennessee Members 1<sup>st</sup>, we want to live up to our motto every day. 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.

**SERVICE. COMMUNITY. GROWTH.**

*Celebrating 75 years as your local credit union.*

# REPORT FROM THE SUPERVISORY COMMITTEE

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Annually, records and processes of the Credit Union are examined and scrutinized by the National Credit Union Administration (NCUA). In addition, for 2021, a Supervisory Committee Audit of the Financial Statements, in accordance with NCUA Audit Guidelines, has been performed by Financial Standards Group, Inc. 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.

# BOARD OF DIRECTOR NOMINEE

# BIOGRAPHIES

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**MR. GARY BECKNER:** Gary Beckner has been a member of the credit union since coming to work for DOE Oak Ridge in 1989 and offers accounting and managerial experience. Gary joined the Board of Directors in 2012. Gary retired from his position as Senior Staff Accountant with the Oak Ridge Financial Service Center (formerly Finance Division) on December 31, 2021, ending 38 years of Federal service, 6 years at TVA and 32 years at the Department of Energy. Over the years, Gary has worked in accounting operations with travel, reporting, and financial systems with the Oak Ridge Chief Financial Officer Organization. Duties have also included serving as liaison on accounting issues between the Oak Ridge National Laboratory and DOE. While with the Financial Evaluation and Accountability Division (FEAD), he conducted reviews of contractor and Federal activities. Prior to joining

DOE, Gary was an auditor with the Tennessee Valley Authority and TVA Inspector General, Knox Federal Saving and Loan (Vice President and Controller), and McDonald's Restaurants (assistant Manager in both Knoxville and Oak Ridge). Gary has a Bachelor of Science in Business Administration (Accounting) and Masters of Accountancy from the University of Tennessee. He is a Certified Public Accountant (currently inactive). Gary attends Lonsdale United Methodist Church where he is the former Chair of the Finance Committee and former Church Council Secretary. Gary resides in West Knoxville and is a member of the Tennessee Society of CPAs.



**MS. LINDA A. McBREARTY:** Linda A. McBrearty has more than 30 years of experience supporting senior-level executives with a full range of communications strategies, products, and a history of proven success. As a Public Affairs Officer for the National Science Foundation (NSF), Linda's focus areas were Artificial Intelligence, Quantum Computing and Smart Cities. Prior to NSF, she managed a robust, award-winning communications program for the DHS Homeland Security Information Network serving over 95,000 first responders, law enforcement, and intelligence analysts nationwide. For nearly six years, Linda served as District Director for the Third Congressional District where she was responsible for constituent outreach, public

relations, and monitored appropriations for federal facilities. A native of Oak Ridge, TN, Linda attended the University of Tennessee and graduated with a BA from Tusculum College. She enjoys supporting the American Museum of Science and Energy (AMSE) and the Knoxville Ronald McDonald House as a current Board Member working to help augment fundraising, marketing, and social media presence.





**MS. NANCY TAYLOR:** Nancy Taylor is a lifelong Oak Ridger with family roots tying back to the area before the Manhattan Project. She has three children and six grandchildren all living in Oak Ridge, with the exception of her oldest daughter who lives in Brooklyn, New York. She is an accomplished and energetic executive with extensive experience in sales and marketing, managing retail distribution channels, and developing high-performance teams. She is currently President and CEO of Gro Group Inc. based in Westford, MA but works from her home in Oak Ridge.



**MR. DON QUINLEY:** Don Quinley has been a member of the credit union since the 1990s upon the merger with the Methodist hospital's credit union. Since July 2013, Don has served as a Board member and desires to continue his service on the Board for an unexpired one-year Board term. As a licensed architect since 1976, Don has been a project manager and lead architect for many projects both in the area and overseas. Some of the more recognizable local projects are Jackson Plaza Office Building, Roane State Community College Oak Ridge Campus, Oak Ridge Central Fire Station, YWCA Oak Ridge and the HEUMF, UPF and LPF facilities at the Y-12 plant. A U.S. Army veteran, Don and his wife Linda (a retired critical care RN from Methodist Medical Center) are life-long Oak Ridge residents. Their four children, spouses, and six grandchildren live in Knoxville. Don and Linda are members of Erin Presbyterian Church. Both Don and Linda enjoy traveling and camping with their grandchildren.

# BALANCE & INCOME

## SHEET STATEMENT

### BALANCE SHEET

Assets:	2021	2020
Loans to Members	\$42,589,505	\$38,613,257
Allowance for Loan Losses	(\$196,813)	(\$192,090)
Other Receivables	\$309,991	\$277,344
Cash & Special Deposits	\$4,933,032	\$2,688,212
Investments	\$46,822,607	\$43,676,125
Accrued Income	\$228,302	\$227,485
Prepaid Expenses	\$255,969	\$236,305
Fixed Assets	\$1,813,024	\$1,861,840
Other Assets	\$3,240,987	\$3,078,038
<b>TOTAL ASSETS</b>	<b>\$99,996,603</b>	<b>\$90,466,516</b>

### Liabilities:

Taxes Payable	\$26,910	\$26,265
Accrued Expenses	\$133,685	\$130,688
Borrowings	\$0	\$0
Other Liabilities	\$2,618,127.16	\$239,687
<b>TOTAL LIABILITIES</b>	<b>\$2,778,722.16</b>	<b>\$396,640</b>

### Equity:

Shares	\$87,574,048	\$80,125,253
Reserves	\$9,643,833	\$9,944,622
<b>TOTAL EQUITY</b>	<b>\$97,217,881</b>	<b>\$90,069,876</b>

**TOTAL EQUITY & LIABILITIES**    **\$99,996,603**    **\$90,466,516**

### INCOME STATEMENT

Operating Income:	2021	2020
Interest from Loans	\$1,715,191	\$1,805,610
Investment Income	\$611,339	\$691,104
Fees and Charges	\$127,225	\$141,214
Other Income	\$513,926	\$408,080
<b>TOTAL OPERATING INCOME</b>	<b>\$2,967,680</b>	<b>\$3,046,008</b>

### Operating Expense:

Employee Compensation	\$898,972	\$870,617
Employee Benefits	\$215,046	\$199,419
Travel and Conferences	\$14,502	\$5,055
Association Dues	\$16,577	\$16,500
Office Occupancy Expense	\$220,408	\$215,074
Office Operations Expense	\$375,340	\$386,882
Promotion and Marketing	\$29,393	\$70,957
Loan Service Expense	\$539,647	\$487,081
Professional & Outside Service	\$554,232	\$540,250
Supervisory & Examiners	\$25,505	\$21,164
Provision for Loan Losses	\$19,181	\$176,676
Interest on Borrowed Funds	\$885	\$76
Miscellaneous Expense	\$48,701	\$38,212
<b>TOTAL OPERATING EXPENSE</b>	<b>\$2,958,390</b>	<b>\$3,027,963</b>
Other Non-Operating (Inc) Exp	<b>\$(752,713)</b>	<b>\$(4,773)</b>
(Gain) Loss on Investments	(\$4,669)	\$2,683
(Gain) Loss Disp. of Assets	(\$0)	(\$0)
Dividends to Members	<b>\$149,739</b>	<b>\$254,494</b>

**NET INCOME**    **\$616,933**    **\$(234,360)**

### BY THE NUMBERS

Numbers reflect data as of December 31, 2021.

 **4,897**  
MEMBERS  
FOUND IN **41 STATES**  
ACROSS THE COUNTRY

 **1,885**  
ENROLLED  
DIGITAL  
BANKERS

**22%**   
INCREASE IN  
FACEBOOK  
FOLLOWERS

**546**  **RESOLVED**  
DIGITAL BANKING  
CONVERSATIONS

**\$5,000**  **OVER**  
IN DONATIONS TO OUR  
COMMUNITY PARTNERS

 **1,531** MEMBERS  
RECEIVING ESTATEMENTS

 MEMBERSHIP SPANNING  
**7 DIFFERENT GENERATIONS**

**2,734** REMOTE DEPOSIT  
TRANSACTIONS TOTALING **\$2,230,303**

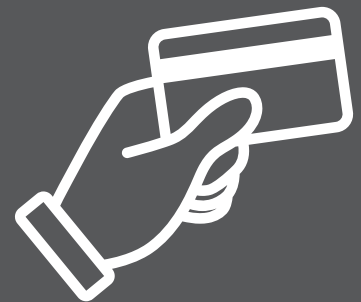


## Commitment to Community Donations

During 2021, we had the privilege of providing over \$5,000 in donations to select community partners including Roane State Foundation, Free Medical Clinic, Knox Area Rescue Ministries, and ADFAC. We look forward to continuing to support and give back to our community partners in 2022!

## Online Payment Portal

Our online payment portal lets you pay your TN Members 1<sup>st</sup> loans from another financial institution using a debit card or account number! You can sign in to make a payment, view payment history, manage payment accounts, or make a quick payment without signing in by clicking the 'One Time Payment' option. Visit [mymembersfirst.org/payments](https://mymembersfirst.org/payments) to learn more.



## Online Membership Application

Whether you're a current member wanting to open additional accounts or a completely new member looking to join the credit union, our online application makes it quick and easy. To access the online application, click the Application tab in online banking or visit [mymembersfirst.org/openaccount](https://mymembersfirst.org/openaccount)

## Updated Digital Banking

Our new digital banking platform went live in August 2021 and we're excited for members to experience enhanced security, new features, and improved functionality! You can find all the information about our updated digital banking platform, including a full list of FAQs and digital banking errors, by visiting us online at: [mymembersfirst.org/account-access](https://mymembersfirst.org/account-access)



# VOLUNTEERS

## AND MANAGEMENT TEAM



**COMMITMENT TO COMMUNITY INITIATIVE:** As a Community Development Financial Institution (CDFI), we work to invest in our local communities and the residents who live there by providing critically needed financing often unavailable from mainstream financial institutions. But we know that commitment to our community goes beyond the products and services we offer as your local credit union. ‘People Helping People’ is the greater mission of credit unions across the world. Our Commitment to Community Initiative focuses on partnering with local organizations to make a difference through charitable giving and support.

Our current community partners include Aid to Distressed Families of Appalachian Counties (ADFAC), CASA of East Tennessee, East Tennessee Foundation, The Free Medical Clinic, Girls Inc. of TN Valley, Knox Area Rescue Ministries, Norris Area Community Foundation, Oak Ridge Fund for Achieving Community Excellence, Roane State Foundation, Remote Area Medical, The Arc Knox County, and Tennessee Out-Reach Center for Homeless (TORCH).

You can learn more about our Commitment to Community Initiative and community partners by visiting: [mymembersfirst.org/community](https://mymembersfirst.org/community)



## 2021 Board of Directors

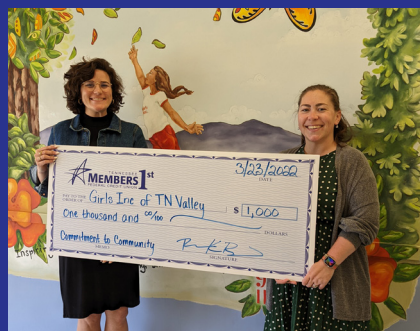
Sonya Jackson, Chair  
Eric Goins, Vice Chair  
Gary Beckner, Treas/Secretary  
Ryan Howerton, Director  
Don Quinley, Director  
Bryce Robinson, Director  
Judy Stone Wilson, Director

## 2021 Supervisory Committee

Wayne Missaggia, Chair  
Sharon Cabe  
Jennifer Campbell  
Pete Johnson

## Credit Union Management Team

Rick Mikels, President/CEO  
Tanda Woods, SVP Administration  
Dana Griffith, AVP Operations  
Suzy Rhodes, VP Lending  
Richelle Ballenger, AVP Marketing



At Tennessee Members 1<sup>st</sup>, we're thankful for the opportunity to partner with community organizations to spread that mission outside of our branch walls and throughout the communities we serve.

*Pictured L - R: Roane State Foundation donation presentation, July 2021 Free Medical Clinic donation presentation, Oct. 2021. Knox Area Rescue Ministries donation presentation, Nov. 2021. ADFAC donation presentation, Dec. 2021. TORCH and 5th Annual Diaper Drive donation, Feb. 2022. Girls Inc. of TN Valley donation presentation, March 2022. Not pictured: Remote Area Medical donation presentation, Jan. 2022.*





