



FUTURE **FORWARD**

2018 ANNUAL REPORT



Federally insured by NCUA.



▶ Reflecting on the Past, Looking Ahead to the Future

Beginning in 1936, with only seven members, Resource One Credit Union has grown into a multi-branch, full-service organization with over 63,000 members. Our success did not happen overnight, and we have faced a fair number of challenges. For over 80 years, our calling has been to continually develop into a credit union that helps our members meet the challenges of daily life.

Resource One continues this calling to improve the financial futures of our members and the communities we serve. We are more than the services we provide and the products we offer; we are your trusted financial partner during every stage of life. We look forward to serving you for years to come.



Chair of the Board Report

During my first year as Chair of the Board, I have watched Resource One Credit Union flourish in various ways. From offering new technologies to forming community partnerships, I am delighted with our accomplishments in 2018. As I ponder how we will reach even higher in years to come, a quote from credit union pioneer, Edward Filene, comes to mind: “Progress is the constant replacing of the best there is with something still better.” Resource One will always pursue new ways to create a better member experience and serve our communities.

I have 40 years of experience in the credit union industry. I am thankful for a leadership position on the board of directors that allows me to give back to the members of Resource One Credit Union and the community in a completely different way. During 2018, I had the opportunity to meet and speak with several employees at our locations. It is evident that our employees are dedicated and loyal to Resource One’s Mission and Vision. Even during times of change and evolution for the credit union, the Resource One team has an “all in” mentality, and I am proud of that.

New services and more community events are on the horizon for Resource One. These opportunities will help our members achieve their financial goals. I am honored to be part of a credit union that is constantly progressing and looking ahead to the future.

To our members, thank you for your continued trust in Resource One. As owners of the credit union, you are our guiding light. I look forward to the things we will accomplish together in 2019 and beyond.

Karen Hart, *Chair of the Board*

► **President's Report**

As I reflect on 2018, I can recall countless moments that made me proud to lead such a remarkable team. Specifically, I remember introducing our new Vision and Mission statement during our all-staff meeting. I will never forget the enthusiasm our employees had for pursuing them. How does a credit union truly fulfill the vision of becoming "the leading financial resource serving its communities"?

I believe it starts by offering members the services and the products they desire. Resource One Credit Union strives to make our members' lives easier through accessibility and convenience. In 2018, we introduced a new way for members to open accounts and apply for loans online. We also launched new mortgage programs, helping more members achieve their dream of homeownership. To ensure the best experience possible in 2019, we will release more member-focused products, including prize-linked savings accounts, business credit cards, and a completely new, user-friendly digital banking system.

In addition to products and services, a true industry leader provides its communities with resources while expecting nothing in return. Our events are always open to the community, not just our members. Partnerships, like our recent alliance with Vogel Alcove, have given us the opportunity to provide services where they are needed most.

During this season of growth and progress for Resource One, I would like to express my gratitude for our hardworking employees. Daily, the team at Resource One shows endless dedication to improving the lives of our members. They are the reason we are a thriving credit union.

Thank you to all who have made 2018 an unforgettable year at Resource One Credit Union. I am eager to see what 2019 has in store.

Mary Beth Spuck, *President/CEO*



OUR VISION

The leading financial resource serving our communities.

OUR MISSION

Helping members achieve their financial goals by being a trusted provider of valued and cost-effective financial services.

CORE VALUES

Integrity
Educators
Passionate
Altruistic
Resolution Focused

► **A Strong Foundation Builds a Brighter Future**

In 2018, Resource One Credit Union introduced a new Vision statement, Mission statement, and set of Core Values. These member-centric and community-focused standards have established a stronger foundation for Resource One and will guide the services we provide, events we host, and decisions we make.



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Resource One takes the time to get to know our members on a personal level, and we are here to help them achieve their unique financial goals.

Doug Bedner
Chief Operating Officer

Forward with Focus

Resource One Credit Union is proud to be a growing resource in Dallas, Houston, and surrounding areas. While we keep expanding our services and products, we will continue serving you with the individualized attention you deserve. Placing focus on what matters most to you, convenience and open communication, we are working toward a future that favors us all – members, communities, and the credit union.

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Whether it is at a branch, on the phone, or online, we are constantly enhancing channels for our members to interact with us. This gives members the ability to pick when, how, and where they want to conduct their financial business.

Mary Beth Spuck
President/CEO



In addition to financial success, we worked to provide our members and communities with:



- New mortgage programs



- An easier way to open accounts and apply for loans online



- Community events that offered financial resources and community bonding

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Resource One develops products that cater to the member and offer convenience.

Brady Popp
Chief Lending Officer

➤ **Community Involvement**

Resource One Fall Festivals

Resource One hosted festivals at *four* different branches this year including North Garland, Mesquite, Southside, and Jones Road. These events were open to the community, where guests enjoyed food, music, and entertainment. Small business members also set up tables to promote their businesses.

Resource One recently partnered with Vogel Alcove, a non-profit organization helping homeless children and their families. Vogel Alcove's families were invited to attend our Southside festival to eat and play. We are thankful for what Vogel Alcove does for our community and excited for what this partnership holds.

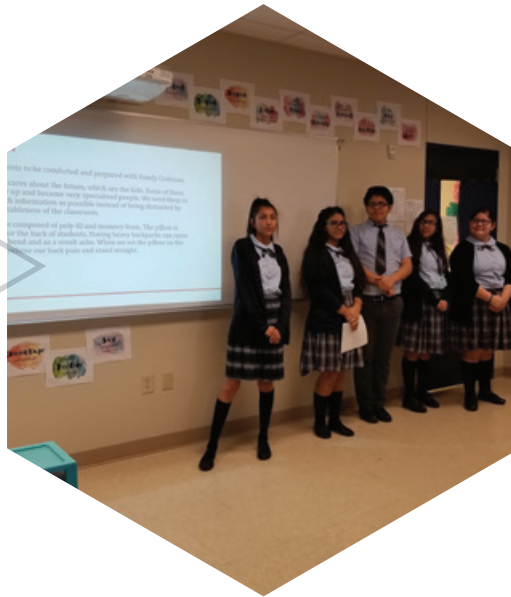
The festivals brought our communities together, and we look forward to hosting additional festivals in 2019.



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Resource One invests in the youth in our communities, through programs like Biz Kid\$ and Reality Fairs.

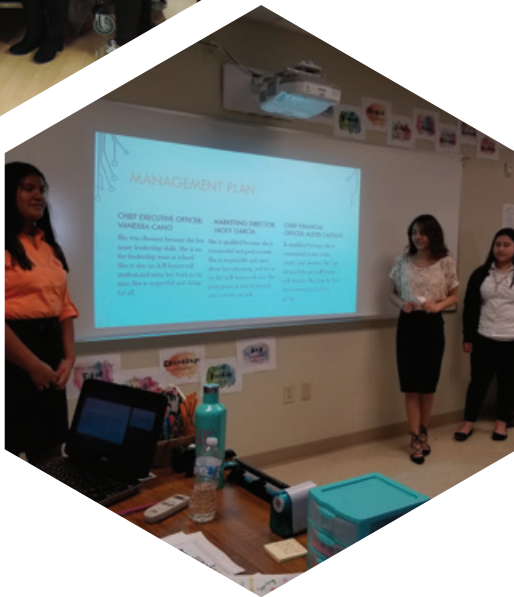
Jennifer Grinder
Chief Experience Officer



Biz Kid\$

Last year, Resource One sponsored a local school for the annual Biz Kid\$ competition. Three teams of students created “businesses” in their classrooms. Representatives from Resource One provided the students with valuable resources and information about every aspect of the business-owning process. Resource One coached students in financial literacy and business decision-making. Students presented their business ideas to Resource One employees, and we chose a business which would compete at the regional level.

Resource One’s selected business thrived in the local Biz Kid\$ competition and also went on to win second place at the regional competition. The students’ company, Aulá (which means “classroom” in Spanish), decorated teachers’ bulletin boards for a small fee. The business relieved teachers of the decorating task while using recycled materials allowing bulletin boards to be refreshed more often. Resource One is extremely proud of Aulá and their accomplishments.





Reality Fairs

In 2018, Resource One Credit Union proudly hosted five reality fairs at community high schools and junior colleges. These events gave teens and young adults a true taste of reality by guiding them through the twists and turns of managing finances as an adult. During a reality fair, each student chooses a hypothetical career and life expenses, such as housing, transportation, entertainment, and other financial responsibilities.

Resource One representatives help students make smart buying decisions. Our entire team, including our certified financial coaches, offer advice and years of expertise to students. While there are many moments of realizing just how expensive adulthood can be, it is extremely rewarding for us to prepare these students for the next chapter of life. We look forward to hosting reality fairs again in 2019.

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We are committed to serving our members and also the communities in which we live.

Karen Hart
Chair of the Board

More Community Events

- FRI Annual Operation Beautification
- Shred Days (Multiple Branches)
- Houston Networking Mixers
- Houston Cigna Sunday Streets
- MBI Opening Day Mesquite
- Cornerstone/Catalyst Financial Fitness Day
- Paddle N Peddle Fest (Houston)
- Garland Chamber Business Expo
- Garland Cinco de Mayo Festival
- Cedar Hill Concert Series
- Garland Chamber Golf Tournament
- Cedar Hill Networking Mixer
- National Night Out (Multiple Branches)
- Festival of Abilities Oak Forest (Houston)
- Irving Holiday Extravaganza
- Member Appreciation Day (Multiple Branches)



Audit Committee Report

The primary responsibility of the Resource One Credit Union Audit Committee is to ensure that the credit union's Board of Directors and management establish practices and procedures that properly safeguard members' assets. The Audit Committee also ensures the credit union operates in accordance with the rules and regulations set forth by the National Credit Union Administration (NCUA) and the Texas Credit Union Department (TCUD), internal controls are established and effectively maintained, and the Board of Directors' plans, policies and procedures are properly administered. The committee helps protect the interests of Resource One members by ensuring the credit union operates in a safe and sound manner.

Whitley Penn, LLP, CPAs, an independent auditing firm, was retained by the Audit Committee to perform the annual audit of Resource One's financial statements for the year ended December 31, 2018. The audit showed that the financial statements present fairly and accurately the financial condition of the credit union and the credit union's accounting practices are in conformity with generally accepted accounting principles.

Resource One received an unmodified opinion from the auditing firm. Based upon the results of the independent audit, I am pleased to report that the financial condition of Resource One Credit Union remains strong. The credit union is operating in accordance with all government regulations. Resource One's policies are soundly maintained and effectively implemented.

Jean Manuel, *Chair of the Audit Committee*

Financial Statements

(unaudited)

	2016	2017	2018
Income			
Interest on Loans	19,698,513	20,834,902	21,645,520
Interest on Investment	204,198	293,898	866,203
Other Income	12,590,837	14,472,258	15,242,964
TOTAL INCOME	32,493,548	35,601,058	37,754,687

Expenses			
Salaries and Benefits	11,467,722	11,737,338	11,928,293
Travel and Conference	138,953	137,075	277,523
Office Occupancy	2,198,153	2,263,302	2,217,461
Operations	7,794,545	8,226,764	8,577,325
Education and Promotion	1,249,174	1,352,125	1,528,589
Professional Services	1,300,123	1,367,075	1,435,899
Other Operating Expenses	845,501	715,062	761,386
TOTAL OPERATING EXPENSES	24,994,171	25,798,741	26,726,476

Interest on Borrowings			244,119
Board & Committee Member Fees*	-	-	21,250
(Gain)/Loss on Sale of Assets	(50,202)	40,535	-
NCUA Assessments and MCA Depletions	-	-	-
Provisions for Loan Losses	3,915,000	4,802,000	5,552,000
TOTAL NON-OPERATING EXPENSES	3,864,798	4,842,535	5,817,369

Dividends Paid on Deposits	1,855,988	1,870,986	2,116,484
NET INCOME (LOSS)	1,778,591	3,088,796	3,094,358

	2016	2017	2018
Assets			
Cash and Cash Equivalents	45,594,318	37,012,430	42,228,165
Investments	11,382,542	12,014,551	12,262,690
Loans	369,627,716	401,276,430	409,833,540
Allowance for Loan Losses	(3,101,922)	(3,480,347)	(4,012,721)
Land, Building and Improvements	14,362,506	13,965,605	13,583,901
Furniture and Equipment	1,864,404	2,100,412	2,199,157
Other Assets	12,768,440	13,385,376	13,653,607
TOTAL ASSETS	452,498,004	476,274,457	489,748,339

Liabilities			
Accounts and Notes Payable	4,494,051	4,596,714	4,794,296
Other Liabilities	1,265,652	1,243,583	1,537,540
TOTAL LIABILITIES	5,759,703	5,840,297	6,331,836

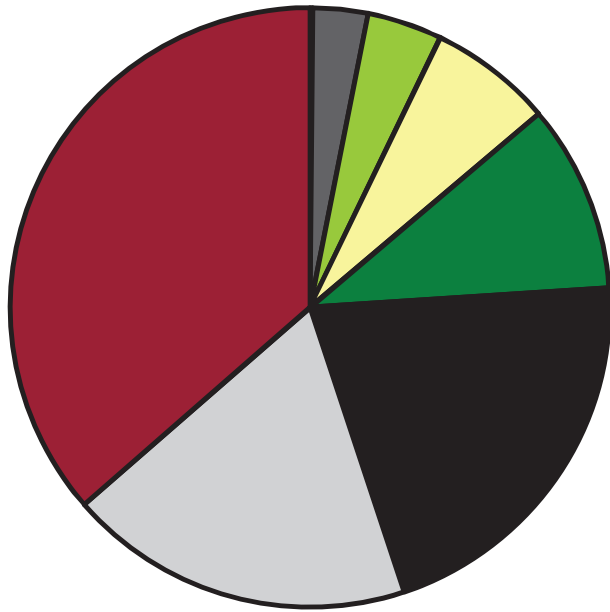
Member Deposits			
Member Shares and Savings	137,330,260	150,406,249	157,417,609
Other Deposits	265,056,960	272,218,598	274,926,498
TOTAL DEPOSITS	402,387,220	422,624,847	432,344,107

Member Owner Equity			
Regular Reserves	5,492,265	5,861,700	6,030,427
Undivided Earnings	38,858,816	41,947,613	45,041,970
MEMBER OWNER EQUITY	44,351,081	47,809,313	51,072,397

TOTAL LIABILITIES AND EQUITY	452,498,004	476,274,457	489,748,339
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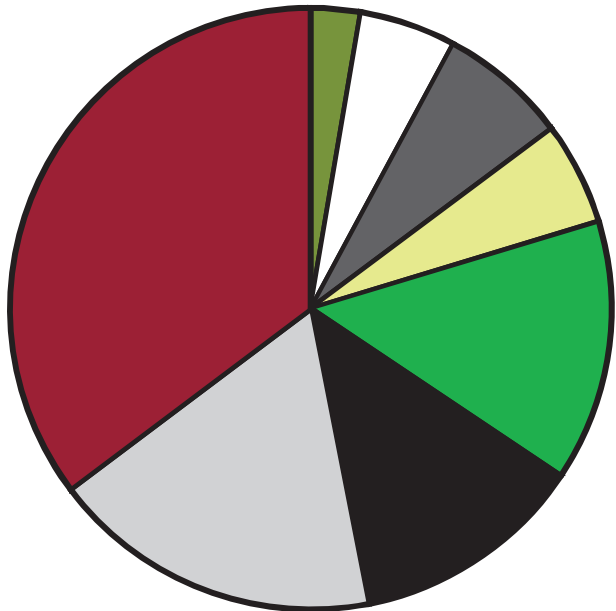
*Board and Committee Member fees are projected to total approximately \$61,000 in 2019.

Financial Highlights



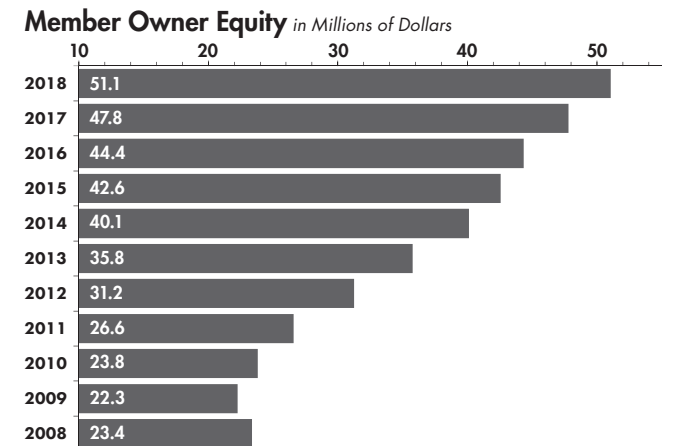
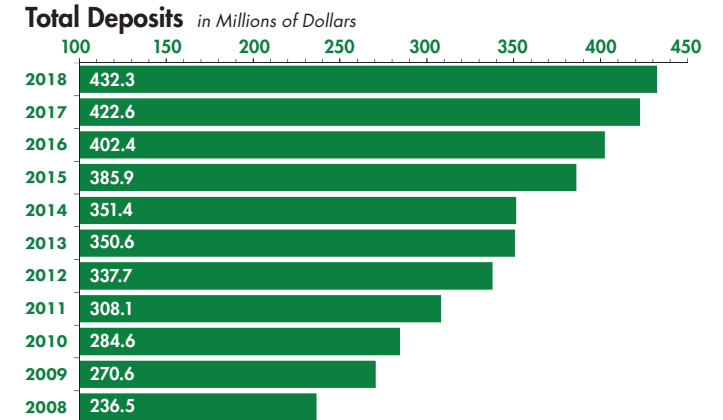
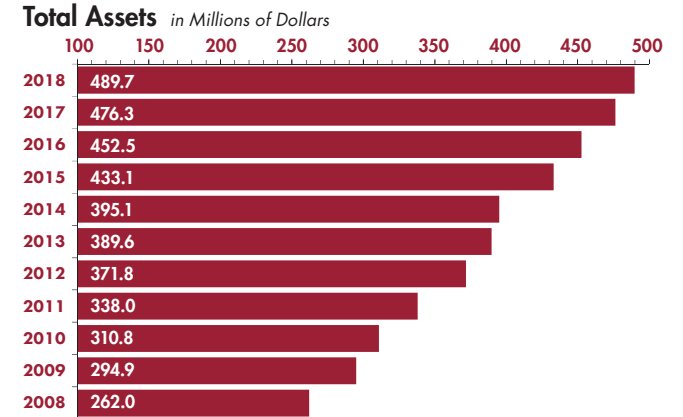
Deposit Mix by Percentage

- Holiday Club – 0.07%
- IRA Savings – 3.0%
- Commercial – 4.1%
- IRA CDs – 6.7%
- Money Market – 10.1%
- Checking – 21.0%
- Certificates – 18.7%
- Savings – 36.5%



Loan Mix by Percentage

- Other Loans – 2.7%
- Commercial – 5.2%
- Unsecured – 6.9%
- Other Vehicles – 5.5%
- New Autos – 14.1%
- Mortgage Loans – 12.5%
- Other Real Estate – 17.8%
- Used Autos – 35.2%



▶ Volunteer Board Members and Terms

Name	Term
Karen Hart , <i>Chair of the Board</i>	2018 – 2021
Greg Blunt , <i>Vice Chair of the Board</i>	2018 – 2021
Chris Degelia , <i>Secretary and Treasurer</i>	2016 – 2019
Janey Appia , <i>Board Member</i>	2016 – 2019
Keith Willson , <i>Board Member</i>	2017 – 2020
Craig Gant , <i>Board Member</i>	2017 – 2020
Tony Goebel , <i>Board Member</i>	2016 – 2019
Jean Manuel , <i>Board Member</i>	2018 – 2021

▶ Credit Union Officers

Mary Beth Spuck, *President/CEO*

Jim Ladner, CPA, *Chief Financial Officer*

Doug Bedner, *Chief Operating Officer*

Jennifer Grinder, *Chief Experience Officer*

Brady Popp, *Chief Lending Officer*

Merrill Currier, *Chief Information Officer*

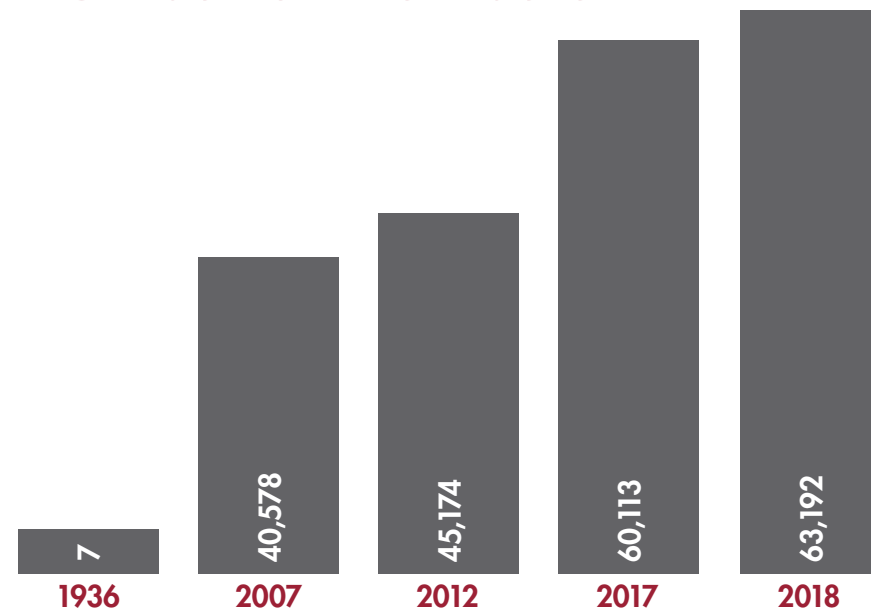
▶ Bylaw Change Report

In March 2018, we reduced the number of Board members from nine to eight. Field of Membership was clarified via an attachment to the Bylaws, Notice of Meetings, Nominating Committee, and Petition was updated to match the Texas Standard Bylaws. Majority Action was clarified. Election and Appointment of Officers – a prior error was corrected. Duties of Officers was updated.

▶ 2018 Credit Union Officer Changes

- Merrill Currier promoted to Chief Information Officer on May 1, 2018.
- Lee Strickhouser departed as Chief Lending Officer on August 1, 2018.
- Brady Popp joined as Chief Lending Officer on November 5, 2018.

▶ Number of Members



Services Offered

SAVINGS

Regular Savings
Holiday and Summer Savings
Youth and Teen Savings
IRA/SEP Savings

CHECKING/SPENDING ACCOUNTS

CU Succeed
Prime Spending
Direct Spending
Daily Spending
Empower Checking

MONEY MARKET ACCOUNTS

R1 Money Market

CERTIFICATES OF DEPOSIT

Certificates of Deposit
Flex Term CDs
IRA/SEP CDs

2018 New Services and Products

Home Improvement Personal Loan

Changes in Services Offered

Resource One Credit Union introduced the Home Improvement Personal Loan. This is a personal loan that is used to make improvements to your home.

CONSUMER LOANS

New and Used Auto
New and Used Recreational Vehicles
» RVs, Boats, Motorcycles, Fifth Wheels,
Travel Trailers, Planes, etc.
Visa® Credit Cards
Share Secured Loans
Personal Loans
Lines of Credit
Credit Builder Loans

REAL ESTATE LOANS

Home Mortgage Loans
» First-time buyer, FHA, VA, USDA,
and Conventional
Home Improvement and Equity

BUSINESS ACCOUNTS

Business Savings
Business Checking
Business Money Market
Business Flex CD

BUSINESS LOANS

Commercial Real Estate
Vehicles and Heavy Trucks
Equipment and Machinery
Lines of Credit
SBA Loans
Unsecured Term Loans

ADDITIONAL SERVICES OFFERED

Over 5,000 Shared Branching Locations
Nearly 30,000 ATMs within the CO-OP®
ATM Network
Online and Mobile Banking
My Money Manager
Prewards
Mobile Deposit
Pay a Person with Popmoney®
R1 Cha-Ching Savings with:
» Local and Nationwide Retailer Discounts
» Cellphone Protection
» Roadside Assistance
» Travel Accidental Death Coverage
» Pharmacy, Vision, and Hearing Savings
» Credit Monitoring

 **Dallas****CARROLLTON**

2501 East Hebron Parkway, #300
Carrollton, TX 75010

GARLAND

302 West Centerville Road
Garland, TX 75041

MESQUITE

2750 North Galloway Avenue
Mesquite, TX 75150

CEDAR HILL

755 North Highway 67
Cedar Hill, TX 75104

GARLAND – NORTH

2475 Arapaho Road
Garland, TX 75044

SOUTHSIDE

1200 Belleview Street
Dallas, TX 75215

EAST DALLAS

8344 East R.L. Thornton Freeway, #110
Dallas, TX 75228

IRVING

2315 West Airport Freeway, #161
Irving, TX 75062

TECHNICAL OPERATIONS CENTER

7518 Ferguson Road
Dallas, TX 75228

 **Houston****JONES ROAD**

9211 Jones Road
Houston, TX 77065

OAK FOREST

1400 West 43rd Street
Houston, TX 77018

SPRING CYPRESS

22560 Tomball Parkway, #100
Houston, TX 77070



P.O. Box 660077 | Dallas, TX 75266-0077

Dallas 214.319.3100 | Houston 281.720.0550 | Nationwide 800.375.3674

www.r1cu.org | www.facebook.com/ResourceOneCU

Income Statement

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Balance Statement

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