



# Annual Report 2024

Student Led Branch Grand Opening-Maumelle High School



# Message From The Chairman And President

The beginning, a handful of Southwestern Bell Telephone employees came together to form a credit union based in Arkansas. This small group created a true financial cooperative dedicated to fairness, each contributing what they could to help one another. In the early days the volunteer treasurer would stand at the door on payday collecting deposits and loan payments. As we embark on our 75th year Telcoe is now serving over 22,000 members making us one of Arkansas's largest credit unions. Although we have grown and added products that allow members to perform their own transactions, we still answer the telephone.



Member satisfaction, innovation, technology, security, and community are critical to our success. We gave back to our communities, including Arkansas Children's Hospital, MetRock Forward Campaign, Academies of Central Arkansas and \$5,500 in student scholarships, plus members and Telcoe raised \$22,432 for Children's Miracle Network. We recognize that our mission could not be achieved without our dedicated team and your trust in us.

We understand that trust concerns our financial strength. To be "well capitalized", financial institutions must meet a regulatory ratio of 9%. In 2024, we surpassed this and proudly reported our year-end capital at over 13.53% of assets. In addition, our liquidity, which is measured by short-term investments and cash, is over 68% of total assets, well above our credit union peers. In 2024, we returned 64.63% of total income to our members in dividends and interest payments. This financial strength has allowed us to manage during the past two years of high savings rates and inflation. In December 2024, Telcoe received the highest rating from the National Credit Union Administration, an agency of the Federal Government charged with examining credit unions.

Just as long-term fiscal responsibility is critical to our operating success, social responsibility is critical to our human success. We take pride in providing members with solutions that fuel their personal dreams. Whether saving for your first car, purchasing a new home, making repairs to your existing home or planning for an active retirement, our focus is centered on asking how we can assist our members. We encourage you to introduce Telcoe to all of your family members.

We want to always remember the purpose for Telcoe all those years ago, to provide fairness through members helping members. The dream is still alive today as it was in 1950. We are here for you our members.

On, behalf of the Board of Directors, President and the CEO, we would like to thank our management team, employees, supervisory committee, partners, and most importantly, our members for your continued trust in Telcoe Federal Credit Union.



Robert "Bob" Ellis, Chairman



Sarah Mosley, President

## **The Telcoe Vision Statement:**

To serve our worldwide membership with quality financial services while being the leader in proven technology, financial service delivery, and product innovation.

## **The Telcoe Mission Statement:**

We are committed to fostering life-long financial partnerships with our members/owners to promote the attainment of their personal financial goals. Our dedication to financial stability is strong, and our traditions support the core values of honesty, integrity, professionalism, and service.

# SUPERVISORY COMMITTEE REPORT

Telcoe Federal's Supervisory Committee is a board-appointed volunteer organization that works on behalf of the membership as the "eyes, ears, and voice" of the Member. The Supervisory Committee works to:

- ▶ Monitor the financial health of the Credit Union.
- ▶ Monitor the controls, policies, and systems put in place by the Credit Union to mitigate financial, operational, and compliance risks.
- ▶ Investigate perceived violations of credit union rules and policies, unethical behavior, or complaints that were not fully resolved to Member satisfaction through regular credit union channels.

The Committee performs vital activities on behalf of the members:

Oversees internal audit (IA) – The Committee oversees and meets with IA to review the internal audit planning process, the results of ongoing and completed audits, the process of activities, management's responses, and addressing IA's recommendations. The adequacy of resources, executive support, and items the IA function needs to execute its mission.

Engages External Audits and Monitors Examinations – To provide a fresh look at our financial statements and related internal controls, the Committee ensures the rotation of audit staff with the audit firm. This year Doeren Mayhew CPA's report was excellent and found no discrepancies.

Federal Examiners completed the Federal Examination plus an IT Examination on December 4, 2024. Telcoe received a composite CAMEL Rating ONE, and no major issues were found.

In 2024, Trace Security performed internal and external penetration tests to breach firewalls and other password securities installed. In January 2025, Trace Security will perform an IT Audit that will encompass all areas of risk for the credit union.

- ▶ The Committee would like to thank you, the members, for supporting Telcoe Federal Credit Union. Likewise, we commend the Credit Union's volunteer Board for their diligence and guidance in the Credit Union's oversight and their support of the Committee and its activities.

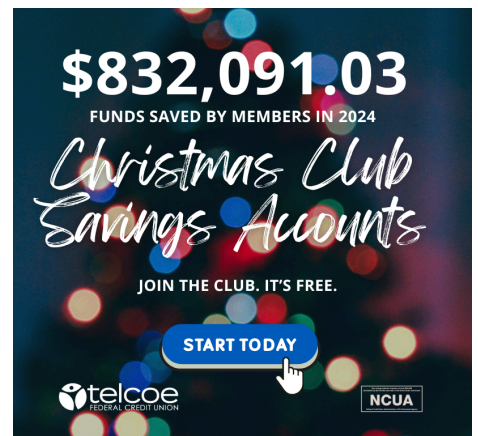
Your Supervisory Committee is working in the best interest of you, the Telcoe Federal members. If you have a question relating to the financial soundness or management of this organization, please do not hesitate to contact us:

We are here for your benefit,

Supervisory Committee Members-

Odessa Darrough, Lynn Martin, Shelly Cheatham, Jeremy Cole, and Kathy Qualls Internal Auditor

If you have questions relating to the financial soundness or management of this organization please do not hesitate to contact the Supervisory Committee: P. O. Box 15063 Little Rock, AR 72221.



## STATEMENT OF FINANCIAL CONDITION

Assets	2024	2023	\$\$Change	%Change
Loans (Net of Allowance For Loan Losses)	\$139,976,961.83	\$140,418,642.00	-\$441,680.17	-0.31%
Cash	\$1,215,721.48	\$1,451,047.00	-\$235,325.52	-16.22%
Investments	\$312,230,236.82	\$302,866,021.00	\$9,364,215.82	3.09%
Land & Building	\$5,262,085.46	\$5,444,948.00	-\$182,862.54	-3.36%
Other Assets	\$3,912,426.39	\$3,924,991.00	-\$12,564.61	-0.32%
<b>Total Assets</b>	<b>\$462,597,431.98</b>	<b>\$454,105,649.00</b>	<b>\$8,491,782.98</b>	<b>1.87%</b>
<b>Liabilities</b>				
Accounts Payable	\$3,201,279.29	\$3,409,485.8	-\$208,178.71	-6.11%
Members' Shares & Savings Accounts	\$396,854,760.28	\$389,293,569.00	\$7,561,191.28	1.94%
Regular Reserve & Undivided Earnings	\$2,879,855.80	\$2,777,535.00	\$102,320.80	3.68%
Unrealized Gain (Loss) on Investments	-\$34,767,958.55	-\$35,143,643.00	\$375,684.45	-1.07%
Undivided Earnings	\$94,429,495.16	\$93,768,730.00	\$660,765.16	0.70%
<b>Total Liabilities, Deposits, Equity</b>	<b>\$462,597,431.98</b>	<b>\$454,105,649.00</b>	<b>\$8,491,782.98</b>	<b>1.87%</b>

## STATEMENT OF OPERATIONS

<b>Income</b>				
Interest on Loans	\$7,287,228.33	\$6,059,826.00	\$1,227,402.33	20.25%
Income From Investments	\$9,891,718.12	\$8,847,927.00	\$1,043,791.12	11.80%
Other Income	\$2,033,783.37	\$2,062,578.56	-\$28,795.19	-1.40%
<b>Total Gross Income</b>	<b>\$19,212,729.82</b>	<b>\$16,970,331.56</b>	<b>\$2,242,398.26</b>	<b>13.21%</b>
<b>Expenses</b>				
Employee Compensation & Benefits	\$2,530,138.03	\$2,256,776.00	273,362.03	12.11%
Office Occupancy	\$392,241.58	\$387,221.00	5,020.58	1.30%
Office Operations	\$492,766.08	\$503,613.00	-10,846.92	-2.15%
Advertising & Promotions	\$229,601.22	\$172,180.00	57,421.22	33.35%
Loan Servicing	\$108,620.43	\$165,455.00	-\$56,834.57	-34.35%
Professional & Outside Services	\$1,098,188.07	\$1,080,356.00	17,832.07	1.65%
Provision for Loan Losses	\$0.00	-\$20,372.00	20,372.00	100%
Federal Operating Fee	\$95,511.61	\$75,574.00	19,937.61	26.38%
Miscellaneous	\$23,009.38	\$19,238.00	3,771.38	19.60%
<b>Total Operation Expenses</b>	<b>\$4,970,076.40</b>	<b>\$4,640,041.00</b>	<b>330,035.40</b>	<b>7.11%</b>
Dividends to Members	\$13,479,568.08	\$12,290,384.00	1,189,184.08	9.68%
Reserves & Undivided Earnings	\$763,085.34	\$39,906.48	723,178.86	1812.18%
<b>Total Distribution</b>	<b>\$19,212,729.82</b>	<b>\$16,970,331.48</b>	<b>2,242,398.34</b>	<b>13.21%</b>

# STATEMENT OF OPERATIONS

## LOANS TO MEMBERS



Telcoe maintains line of credit loans and Mastercards for the use of its members. Unused lines of credit issued to members were \$3,222,967 as of December 31, 2024.

Open-end revolving lines of credit	\$5,681,100
Lines of credit used	\$2,458,133
Remaining unused lines of credit (1)	\$3,222,967

(1) Unused credit card lines of credit equal \$1,471,232.28 and unused non-credit card lines of credit were \$1,751,734.88.

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## NON-QUALIFIED PENSION PLANS



### Non-Qualified Pension Plan

The Credit Union maintains a non-qualified pension plan for a select group of Management. Participants are eligible based on approval by the Credit Union's Board of Directors. Under this plan, the Credit Union makes periodic contributions. The participant's benefit is the ending value of the contributions, as well as any earnings on those investments. The liability related to this plan approximated \$1,204,126.60 as of December 31, 2024.

### 457(f) Deferred Compensation Plan

The Credit Union maintains a non-qualified pension plan for a select group of Management. Participants are eligible based on approval by the Credit Union's Board of Directors. The plan's assets are available to creditors in the event of the Credit Union's liquidation. The liability related to this plan approximated \$95,682 as of December 31, 2024.

### 457(f) Plan

The Credit Union maintains a non-qualified pension plan for a select group of Management. Participants are eligible based on approval by the Credit Union's Board of Directors. The plan's assets are comprised of life insurance contracts on the plan's participants and are available to creditors in the event of the Credit Union's liquidation. The asset related to this plan approximated \$2,957,811.00 as of December 31, 2024.

### Split Dollar Life Insurance

The Credit Union has split-dollar life insurance plans for a select group of Management. The Credit Union has secured interest in these plans to the extent of premium advances on behalf of these key employees. The vested interest in this split-dollar plan totaled approximately \$1,426,76.00 as of December 31, 2024.

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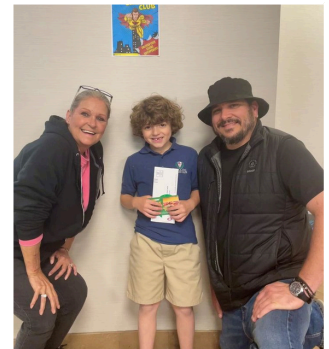
Tesla Financing Member



Student Interns



Maumelle School



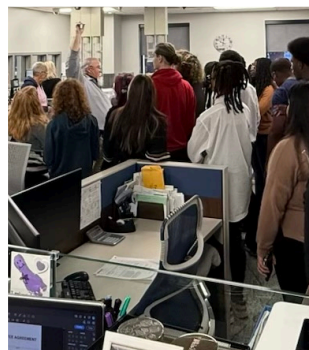
Youth Month Winner



Youth Month Winner



Team Events



PCSSD Field Trip



Pulaski Govt Seminar

## **BOARD OF DIRECTORS**

Bob Ellis, Chairman  
Bill White, V Chair  
Cliff Smith, Secretary/Treasurer  
Odessa Darrough, Director  
Jimmy Dunahoo, Director  
Richard Stobaugh, Director

## **SUPERVISORY COMMITTEE**

Odessa Darrough, Chair  
Lynn Martin, Committee Member  
Shelly Cheatham, Committee Member  
Jeremy Cole, Committee Member  
Kathy Qualls, Internal Auditor

## **SENIOR MANAGEMENT**

Sarah S. Mosley, President  
Kristy Vest, CEO  
Michele Beasley, EVP  
Larry Johnson, VP  
Karla Walls, VP  
Jon Thompson, LPL Certified Financial Planner



[www.Telcoe.com](http://www.Telcoe.com)  
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