

2013 ANNUAL MEETING

THURSDAY, FEBRUARY 14TH & FRIDAY, FEBRUARY 15TH

Membership Makes the Difference!

Making a difference in the everyday lives of our member-owners has been at the core of Doches Credit Union's values since its inception in 1951. Over sixty years later, our credit union remains a reliable alternative to big banks and is a trust-worthy lender in the community. Doches Credit Union's member-driven philosophy continues to provide a welcoming environment where our member-owners can take comfort knowing they have a place where they belong.



BOARD OF DIRECTORS	TERM
Orren Schmidt, Chairman	2015
Freddie Gibson, Vice Chairman	2015
Joyce Strickland, Secretary	2014
Pam Pagano, Treasurer	2013
Jim Boiles	2015
Selita Hoya	2014
Joey Michelle	2013
Candace Moore	2013
Joshua Moore	2013

STAFF

DCU MAIN OFFICE

James Muse

Sue Garcia

Cody Derouen

Cedric Claiborne

Kristi Spencer

Amber O'pry

Zolia Pacheco

Laura Blackshire

Myia McCoy

COUNTY CREDIT UNION

Juanita Ojeda

Karla Jernigan

Andrea Perez

DCU UNIVERSTIY BRANCH

Jamie Flores

Yessica Holliman

Priscila Chalco

Ashley Nunn

Meeting Agenda

Welcome: Chairman of the Board ●

Ascertain Quorum ●

Distribute Annual Meeting Packets ●

Election Instructions -

Ballot -

Minutes from the 2012 Annual Meeting -

Performance Reports -

Audit Committee Report -

Member Comments/Suggestions/Questions -

Door Prizes ●

Attendance award at opening of meeting -

(must be present to win)

Periodic awards Thursday - Friday -

(need not be present to win)

Collection and Count of Ballots ●

Adjourn ●



Minutes from the 60th Annual Meeting of Doches Credit Union
February 9 -10, 2012

Directors present: Orren Schmidt, Joyce Strickland, Selita Hoya, Pam Pagano

Chairman of the Board Orren Schmidt called the meeting to order at 12:10 pm on Thursday, February 9. He greeted the members present and had the Directors in attendance introduce themselves. Mr. Schmidt noted that this was the 60th year for the Credit Union; he reviewed the agenda and the purpose of the meeting and reviewed the election procedures.

Upon finding that a quorum was present, Mr. Schmidt went over the election ballot and method to vote for Board positions as well as the 2011 Annual Meeting minutes. He also encouraged members to make comments or suggestions on the ballot. There was no other business to consider so names were drawn for cash door prizes based on those in attendance at the opening of the meeting.

The Annual Meeting was adjourned at 5:00 pm February 10th; Randy Coe and James Muse received the ballots from each location.

Election results are noted as follows:

Total ballots cast	545
Ballots cast to approve minutes	442

Ballots for Board of Director positions:

Orren Schmidt	306
Casey Burkett	364
Freddie Gibson	358
Jim Boiles	308

These four Directors were elected to the Board.

Door prizes awarded from ballots cast at each location were drawn after 5:00 pm Friday, February 10, 2012 and winners were notified by phone the following week.

Annual Report

FINANCIAL REPORT AS OF 12/31/2012

	2011	2012
REGULAR LOANS	\$11,461,846	\$11,243,840
RISK BASED	805,426	700,652
REAL ESTATE	1,587,583	1,821,295
MASTERCARD	363,283	358,692
INDIRECT	210,574	207,084
PARTICIPATION	79,919	15,352
RECOURSE	184,452	294,080
SHARED SECURE	1,041,983	1,023,275
LOAN LOSS ALLOWANCE	<101,316>	<132,777>
OTHER ALLOWANCE	<2,350>	<5,415>
CASH ACCOUNT & RESERVE ACCOUNTS	1,953,518	1,907,778
NCUSIF	311,676	313,705
INVESTMENTS	16,271,712	16,267,660
RECEIVABLES	111,362	104,502
PREPAIDS	56,925	78,372
FIXED ASSETS	967,801	918,328
TOTAL ASSETS	\$35,295,394	\$35,116,422
TOTAL LIABILITIES	\$113,500	\$110,933
EQUITY DEPOSITS		
SHARE ACCOUNTS	\$11,878,300	\$13,061,842
CHECKING ACCOUNTS	9,613,162	8,782,784
CERTIFICATES OF DEPOSIT	7,840,706	7,223,766
INDIVIDUAL RETIREMENT ACCOUNTS	2,213,437	2,133,574
TOTAL DEPOSITS	\$31,545,605	\$31,211,966
RESERVES	\$3,636,288	\$3,793,520

INCOME/EXPENSE STATEMENT AS OF 12/31/2012

	2011	2012
INCOME		
LOAN INTEREST	\$1,173,466	\$1,072,402
INVESTMENTS	203,782	189,205
FEES/CHARGES	347,193	374,923
TOTAL INCOME	\$1,724,441	\$1,636,530
EXPENSE		
SALARY/BENEFITS	\$601,793	\$642,359
OPERATIONS	547,658	483,137
ALLOWANCE	71,714	129,000
DIVIDENDS TO MEMBERS	298,351	224,720
TOTAL EXPENSE	\$1,519,516	\$1,479,216
NET INCOME	\$204,295	\$157,314



LENDING ACTIVITY REPORT

YEAR	TOTAL LOAN OUTSTANDING	AVERAGE LOAN BALANCE
1997	\$8,150,589	\$3,940
1998	\$9,328,968	\$4,681
1999	\$10,968,115	\$5,742
2000	\$13,107,185	\$6,591
2001	\$12,058,149	\$6,741
2002	\$11,807,604	\$6,621
2003	\$11,851,139	\$6,932
2004	\$12,940,366	\$7,330
2005	\$15,345,699	\$8,942
2006	\$16,107,864	\$9,347
2007	\$16,153,052	\$9,235
2008	\$16,864,034	\$9,607
2009	\$17,655,772	\$9,287
2010	\$17,180,588	\$9,056
2011	\$15,726,058	\$8,459
2012	\$15,664,270	\$8,625

NUMBER OF NEW LOANS: 1,421

AMOUNT OF NEW LOANS: \$10,201,190

RESERVES FOR LOAN LOSSES: <\$132,777>

LOANS CHARGED TO LOSS IN 2012: \$90,946



Annual Report

Audit Committee Report for 2012

Doches Credit Union is a state-chartered credit union regulated by the Texas Credit Union Department and the National Credit Union Administration (NCUA) and subject to their rules and regulations. In addition, our member's deposits are insured by the National Credit Union Share Insurance Fund, a federal government entity under the direction of the NCUA.

The Texas Credit Union Department sent an exam team in January to perform their required regulatory examination and were on site for one week. Their report concentrated on improvements to loan documentation, making necessary adjustments to accounting entries, and reviewing a portion of the loan portfolio for compliance with lending guidelines. The Credit Union Department exam noted that DCU remains strong and well-capitalized.

In June, a Texas Credit Union League auditor was on site for two days to perform the audit on DCU's Customer Identification Program (CIP), Money Laundering, Office of Foreign Assets Control (OFAC), Suspicious Activity and related procedures and activity. Recommendations were made to improve accuracy on identification procedures, cash transaction reports (CTR), and other regulatory reporting.

To perform the verification of member accounts, the Texas Credit Union League was engaged to mail out the third quarter statements with a notice requesting any inquiries regarding a balance discrepancy to be made directly to the auditors; in addition, all returned statements were handled by the auditors. As of 12/31/12, we have not received the completed report.

During the last quarter of 2012, an internal audit of DCU's Automated Clearing House (ACH) operations was conducted by the accounting staff. No material exceptions were noted, however plans were made to assure that staff complete additional training on ACH regulations and procedures during 2013.

In addition, the Doches Credit Union Audit Committee performed several surprise cash drawer audits, loan file reviews, and reviews of internal audits covering a range of operational areas performed by the President and staff.

Members of the Audit Committee for the year included Jim Boiles, Candace Moore, Freddie Gibson, and myself.

Pam Pagano, Audit Committee Chair

Presidents Report as of 12/31/2012
Financial and Operation Comparisons

- Loans outstanding decreased 0.40%
- Deposits decreased 1%
- Assets decreased 0.50%
- Capital increased 4.3%
- Total income was 2% under budget, total expenses were 1.9% over budget, and net income was 2.5% under budget.
- New members 954 - Making a total of 6,528 members
- New loans 1,715
- Sample of 2012 Operational Accomplishments:
 - Began offering eStatements and Courtesy Pay
 - Upgraded online access with Virtual Branch
 - Selected new check vendor
 - Upgraded security systems
 - Helped Piney Woods Chapter of Credit Unions reach fundraising goal
 - Held day-long training session.
- Bylaw and Articles of Incorporation ----No Changes
- Senior Management
 - President - James Muse - No change in 2012
 - Controller - Sue Garcia - No change in 2012

Membership Makes the Difference!

About Doches Credit Union

Doches Credit Union is a not-for-profit financial cooperative that provides a full line of affordable financial services to our member-owners. Our three member financial branches provide services to member-owners in Nacogdoches, Shelby, and San Augustine counties located in the heart of East Texas' piney woods. Our member-owners include individuals who live, work, or worship in these three counties, as well as their families.

Founded on November 7th, 1951 in the oldest town in Texas, Doches Credit Union has grown to serve over 6,000 members and more than \$35 million in assets. The original field of membership was for employees of Southwestern Bell and Lufkin Conroe Telephone Exchange.

This field of membership has since grown to include all community members that live, work, or that worship in Nacogdoches, Shelby, and San Augustine counties.



Doches Credit Union's overall mission is to create a quality, life-long financial relationship with our members by providing valuable financial products and services that meet their financial needs. Our vision is to advocate the credit union philosophy of "People Helping People" by providing exceptional financial services to all qualified members within our field of membership.

DCU's philosophy begins and ends with understanding and meeting member needs. Member-owners are at the forefront of all decisions made. As a result, DCU offers a full array of financial services including low-rate consumer loans, high-yield savings programs, systematic savings and investments, free checking and debit options, and online services. For more than 60 years, DCU has been an important contributor to the local economy. We remain dedicated to serving the communities in which we operate. We would like to thank you for your membership.

Membership Makes the Difference!

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LOCATIONS

DCU Main Office

920 NW Stallings Drive
Nacogdoches, TX 75964

Tel: 936.569.7700

Toll: 1.800.424.2786

Fax: 936.560.5701

Hours: M-F: 8:30 a.m. - 5:00 p.m.

Sat: 8:00 a.m. - 12:00 p.m.

(Drive-thru Only)

University Drive Branch

823 South University Drive
Nacogdoches, TX 75964

Tel: 936.205.5925

Fax: 936.205.5929

Hours: M-F: 8:30 a.m. - 5:00 p.m.

County Credit Union

815 Hurst Street
Center, TX 75935

Tel: 936.598.2330

Fax: 936.598.9362

Hours: M-F: 8:30 a.m. - 5:00 p.m.

Website: www.dochescu.com

Email: info@dochescu.com



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