



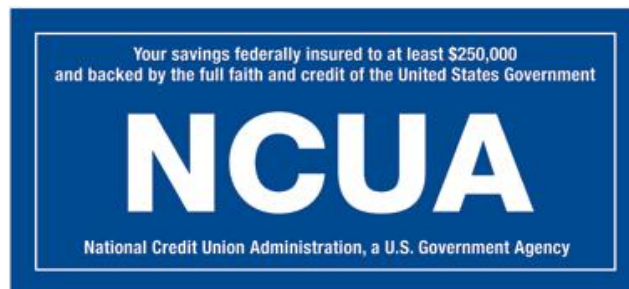
Texas Health
Resources

Credit Union

*Your Financial
Cooperative*

2011

ANNUAL REPORT





VISION STATEMENT . . .

YOUR FIRST CHOICE FOR FINANCIAL SUCCESS

MISSION STATEMENT . . .

*TO PROVIDE QUALITY SERVICES THAT ARE MEMBER FOCUSED TO
ACHIEVE MUTUAL FINANCIAL SUCCESS*

2012 CELEBRATES . . .

INTERNATIONAL YEAR OF COOPERATIVES

PRESIDENT'S/TREASURER'S REPORT

Good afternoon. I am Suzanne Chism, President/CEO of Texas Health Resources Credit Union. Let me also introduce you to Bob Allen, our distinguished chairman of the board. You will hear from him in a few minutes.

On behalf of the board of directors and the entire staff, it is our privilege to welcome you to the 43rd Annual Meeting of Texas Health Resources Credit Union.

Let me begin this meeting with a question.

Who are you, and why are you here? Have you ever stopped to think about it?

Look around. Really take a look around. In this room, we have a cross section of the community. The people in this room come from a variety of backgrounds and experiences that have shaped who they are and how they think. I'm sure if I took an official survey of everyone here, we'd find a variety of life experiences...and probably some pretty interesting stories.

Yet here we are. Sitting together as peers, all of us members and owners of our financial institution.

OUR financial institution. It has a nice ring to it, doesn't it? And it represents an important distinction that separates credit unions from other financial institutions. Credit unions are not-for-profit financial cooperatives that exist solely to serve our members. Credit unions offer a range of products and services to meet the needs of our members. Credit unions seek to provide the best rates for our members, whether it's higher interest earned on your deposits or lower interest paid on loans. And credit unions like ours take pride in knowing and forming a real relationship with our members.

Does that mean credit unions are unprofessional or somehow second-class institutions? Far from it. It means that credit unions are motivated to succeed, not to line the pockets of a small number of investors, but to reward a larger number of people, each of whom has a vested interest in the credit union's success.

It's this shared purpose and cooperative approach that have caught the attention of so many people across the country. And the world.

In fact, the United Nations has declared 2012 as the "Year of Cooperatives" to advance the cooperative business model and its benefits for job growth and economic development. The timing is appropriate.

Average people have taken a pounding, in the wake of banking scandals, the real estate collapse and the persistent global recession that smacked the United States some three and a half years ago.

The journey hasn't been easy for anyone, including our credit union. However, 2011 was a year that marked growth for Texas Health Resources Credit Union.

- In 2011, our assets increased by 3.13%
- We've seen our membership growth increase by 2.3%

While loans decreased by 3.35% the credit union still maintained a positive bottom line and remains financially stable and well capitalized a 7.15%.

At a time when public confidence in the financial system is very low, you can be proud of your credit union and you can have confidence in it.

Our staff has worked diligently to prove time and again that together, the Texas Health Resources Credit Union and its members have a strong relationship. At this moment, I'd like to recognize the staff for their dedication.

The quiet successes and shared rewards of Texas Health Resources Credit Union and our peers across the state and nation have not gone unnoticed. In fact, credit unions were in the spotlight this past fall as growing discontent with big banks and their lack of concern for average Americans grew into a nationwide grassroots movement to encourage people to abandon their banks and put their money in a not-for-profit credit union.

People heard the message that credit unions are a better way to bank. And they took action! From September to November, credit union membership in the United States grew by nearly 900,000 people, according to a recent survey by the CUNA Mutual Group. In fact, membership during those months grew at some five times the average monthly gain and November provided the largest one-month membership gain in nearly a decade.

Even as consumers were looking to credit unions, big banks continued to look to Washington to change the subject. Credit unions weathered a barrage of attacks on our safety and soundness, tax status and even our cooperative structure.

Texas Health Resources Credit Union joined with other credit unions to resist these political maneuvers that ultimately would hurt all of you. In fact, if any lessons are to be taken from the past year or so, I would say they have only strengthened our resolve to preserve our cooperative structure and to educate even more people right here in our community about the credit union difference.

Texas Health Resources Credit Union emerged from 2011 in a good position and we enter 2012 with high expectations.

As we review the past year and embrace this Year of Cooperatives, rest assured that Texas Health Resources Credit Union is, as always, ready to fight for continued growth and the prosperous future of our members.

Sincerely,

Z. Suzanne Chism, CCUE
President/CEO

Texas Health Resources Credit Union
RESOLUTION HONORING

International Year of Cooperatives

WHEREAS, the United Nations General Assembly Resolution 64/136 on cooperatives in social development proclaims the year 2012 as the International Year of Cooperatives (IYC);

WHEREAS, the theme of the International Year is “Cooperative Enterprises Build a Better World;”

WHEREAS, the Resolution recognizes that “cooperatives, in their various forms, promote the fullest possible participation in the economic and social development of all people, including women, youth, older persons, persons with disabilities and indigenous peoples, are becoming a major factor of economic and social development and contribute to the eradication of poverty;”

WHEREAS, Texas Health Resources Credit Union with pride embraces the fact that we are a not-for-profit financial cooperative, democratically owned and operated and founded in 1969 by people working together toward economic advancement; and

WHEREAS, Texas Health Resources Credit Union honors a “people-helping-people” philosophy through the pooling of personal resources and leadership abilities for the good of the cooperative, empowering members to improve their financial futures and uniting to help those in need; and

WHEREAS, Texas Health Resources Credit Union empowers people to improve their economic situations in the Dallas/Fort Worth and surrounding communities, at two branches that serve the financial needs of 3858 people;

WHEREAS, the cooperative business model has empowered people around the world, including right here in the Dallas/Fort Worth and surrounding communities to improve their lives through economic and social progress;

WHEREAS, Cooperatives are a major economic force in developed countries and a powerful business model in developing countries, employing 100 million people;

WHEREAS, Texas Health Resources Credit Union employees 8.5 people, and is owned and governed by more than 3858 members;

WHEREAS, Texas Health Resources Credit Union is one of more than 29,000 cooperatives operating in the United States today; and now, therefore, be
It

RESOLVED, that Texas Health Resources Credit Union convened at its 2012 Annual Meeting in Dallas and commits to

1. Celebrating the vital role Texas Health Resources Credit Union plays in the economic and social well-being of our community;
2. Elevating the profile of cooperatives and demonstrate how Texas Health Resources Credit Union contributes to building local wealth, generating employment and providing competition in the marketplace.



Z. Suzanne Chism, CCUE
President/CEO

Texas Health Resources Credit Union

CHAIRMAN'S REPORT

The fact that you are here today shows me you, too, have a vested interest in the future of this credit union and its mission. With 2012 being the Year of Cooperatives, we credit union members have an unprecedented opportunity to build on the momentum of Bank Transfer Day to educate our families, friends, colleagues and neighbors about what it means to be a member of a not-for-profit cooperative credit union.

First, our credit union is well positioned to be your primary financial service provider. At Texas Health Resources Credit Union, we offer a wide array of services including:

- Savings
- Share drafts
- Loans
- CDs
- Retirement accounts
- Youth accounts
- Financial planning

We can do what a bank does, but we do it better because our credit union is not out to nickel and dime our members in order to maximize profits. Rather, our credit union seeks to find the right mix. In other words, products and services are paid for by those that choose to use them. "People helping people." There's that mission again!

As part of our mission, our credit union also is focused on lifting others in the community. We support Children's hospitals, North Texas Food Bank, advocacy and other community issues.

Most importantly, we must help those around us understand that being part of the credit union means you are treated as a person. We are not faceless numbers – viewed as potential profit centers to boost a bank's stock value. No. We are owners of Texas Health Resources Credit Union. Each and every one of us. Whether we have \$25 or \$25,000 in our account, each of us has a voice to choose our leadership and drive the decisions that affect our money. It is humbling to stand before you, because I, along with my fellow board members, understand that I serve entirely at your pleasure.

These are important differences that keep credit unions accountable to the people we serve. Not to an anonymous group of big-money investors. At the end of the day the only investors we have to satisfy are our members. You and me.

Our credit union's management and staff has done an excellent job of helping Texas Health Resources Credit Union emerge from the tough recession and being accountable to the highest standards demanded by our membership and board of directors. Please join me in thanking Suzanne and her entire team for all their work and for taking care of our resources!

And thanks to all of you for taking the time to be involved in your credit union. Here's to a successful year ahead for you, your family, your business, and our future as a financial cooperative.

Sincerely,
Robert Allen, CPA
Chairman

REPORT OF ANNUAL AUDIT

August 8, 2011

Dear Mr. Allen:

We have completed the Supervisory Committee Annual Review of the books and records of your credit union for the 16-month period ending April 30, 2011. Our work was performed in accordance with requirements set forth in Section 91.507 of the Texas Rules for Credit Unions and Section 715.7(c) of the NCUA Rules and Regulations, and included any additional procedures deemed necessary.

We examined or tested accounting records and other supporting evidence and made a general review of the system of internal controls. A summary of our procedures and resulting comments and recommendations are included in the accompanying report.

As detailed in the Comments and Recommendations section, the overall records and operations of the credit union were found in good condition. The noted exceptions were minor and are presented for your information and attention. Also, the internal control recommendations are offered as ways to enhance your current system of controls.

This report was discussed with Ms. Sharon Kinard and Ms. Shyrl Johnston from the Board of Directors and with Ms. Suzanne Chism, CEO.

Your staff was most courteous and cooperative during our stay.

Credit Union Resources, Inc.
Financial and Technology Resources

Nominating Committee Report

The nominating committee consisted of myself, Shyrl Johnston, Debbie Bergquist and Sharon Kinard. The position expiring in 2012 is that of Suzanne Chism. Ms. Chism is willing to serve again and the committee agreed to place her name in nomination at this time.

Respectfully submitted,

Shyrl D. Johnston
Chairman

TEXAS HEALTH RESOURCES CREDIT UNION

Financial Strength

	2011	2010
Total Assets	\$13,681,710	\$13,267,396
Total Members	3,858	3,771
Total Gross Loans	\$10,217,773	\$10,571,060
Total Net Worth	\$978,342	\$972,667
	7.15%	7.33%

Year-End Loan Totals

	2011	2010
Number of New Loans Booked	882	960
Dollars of New Loans Booked	\$5,087,550	\$3,965,768

Comparative Statement of Condition

	2011	2010
ASSETS		
Loans	\$10,093,903	\$10,457,961
Cash and Other Investments	\$3,438,935	\$2,625,342
Accounts Receivable	\$97,799	\$109,700
Fixed Assets/Leasehold Improvements	\$51,073	\$74,394
Total	<u>\$13,681,710</u>	<u>\$13,267,397</u>

LIABILITIES, DEPOSITS, & EQUITY

Liabilities	\$147,709	\$160,941
Deposits	\$12,555,659	\$12,133,789
Reserves	\$738,741	\$738,741
Undivided Earnings	\$239,601	\$233,926
Total	<u>\$13,681,710</u>	<u>\$13,267,397</u>

Comparative Statement of Operations

	2011	2010
Total Operating Income	\$1,213,964	\$1,260,208
Less Operating Expenses	\$1,147,089	\$1,222,255
Non-Operating Income/Expense***	(\$34,448)	(\$58,187)
Gain(Loss) Disposal Fixed Asset	\$0	\$0
Less Dividend Expense	\$26,752	\$46,612
Net Operating Gain/(Loss)	\$5,675	(\$66,846)

*** Non-Operating expense incurred from Catalyst Corporate FCU depletion of Member Capital Account and NCUA Assessments

BOARD OF DIRECTORS

Robert Allen, Chair	3-year term expires 2014
Michael Alverson, Secretary	3-year term expires 2013
Z. Suzanne Chism, President	3-year term expires 2012
Shyrl Johnston, Vice Chair	3-year term expires 2014
Sharon Kinard, Member	3-year term expires 2013
A. D. “Dee” Forrest, Advisory Director	appointed by Board of Directors

SENIOR MANAGEMENT

Z. Suzanne Chism	President/CEO
Suzanne “Suzie” Schow	Credit Union Manager/Accountant

NOMINATING COMMITTEE

Shyrl Johnston, Chair	Sharon Kinard
Debbie Bergquist	

There have been no changes to the credit union’s senior staff, bylaws or articles of incorporation since the last annual meeting.

SERVICES

SAVINGS / CHECKING

Regular Share Savings
Refresh Checking Accounts
Advantage Checking Accounts
Golden Rewards Checking Accounts
Commercial Checking
Money Market Accounts
Individual Retirement Accounts

- Traditional
- Roth

Share Certificates of Deposit
Vacation Club Accounts
Holiday Club Accounts
Thrifty Teddie Share Savings
VISA Debit/ATM Cards

LOANS

New and Used Automobile Loans
Recreational Vehicle Loans
New and Used Boat Loans
Motorcycle Loans
Share Secured Loans
Vacation Loans
Mortgage Loans
Home Equity Loans
Signature Loans
Restart Loans
Line of Credit Loans
Seasonal Loans
Credit Life and Disability Insurance
GAP (Guaranteed Auto Protection)
Route 66 Extended Warranties

OTHER SERVICES

Free ATM Service at THRCU owned or
Allpoint Machines (*Nationally*)
Drive Thru (*Dallas Office Only*)
Night Deposit Box (*Dallas Office Only*)
Safe Deposit Boxes (*Dallas Office Only*)
Direct Deposit/ACH
Payroll Deduction
Net Pay
Pre-authorized Drafts
Western Union
E-Statements
Credit Union Service Centers
Online Banking (Virtual Branch)
Bill Pay
Pay by Phone
Debit/Credit Card Cash Advances
24 Hour Audio Response System (STARS)
Money Orders
Notary Service
Accidental Death & Dismemberment Ins.
Discount Tickets – Six Flags
Coin Counter (*Dallas Office Only*)
Fax/Copy Services