



2015 Annual Report

Educational Employees Credit Union



Federally Insured by **NCUA**

a message from THE CHAIR & PRESIDENT

In 2015, we continued our commitment to provide our members with the best financial products and services, and we are pleased to report that last year was one of our best. We welcomed more than 13,400 new members to the credit union, opened new locations to give you more options for your banking, and enhanced our services – all with a focus on helping our members create a more prosperous financial future.

We're all familiar with the acronym TEAM: Together Everyone Achieves More. At EECU, we like to think of our relationship with our members and the community as that of a team dedicated to improving the financial lives of its members. By working together, we can make a difference in people's lives and help build an even stronger community. This community-minded spirit allows us to support one another during the tough times and celebrate our successes in the good times.

And speaking of success, 2015 was a great year for EECU. Our membership grew to more than 248,500 and our assets exceeded \$2.5 billion at year-end. The results of audits performed by our external CPA continue to show that EECU is operating as a safe and sound credit union. Our net worth was 12.65% as of December 31, 2015, well above the 7% threshold set by the National Credit Union Administration for a credit union to be considered well-capitalized. And for the first time in our history, our loan portfolio exceeds \$1 billion, which demonstrates our commitment to helping our members achieve their financial dreams.

The technology exists for our members to do their banking anytime, anywhere. While we continue to invest in new technology, we are also mindful of ensuring that we have physical locations to meet your needs. We opened an ATM in Madera Ranchos last March and a branch and ATM in Tulare last July. We have plans for new branch and ATM locations this year, including our first student branch on the Clovis West High School campus.

Investing in technology allows us to better serve our members' financial needs. Our mobile app has been updated with new bill pay features, loan preapproval offers, and enhanced check deposit functionality. Our website got a makeover last year so it adapts to the device you use to view it. Whether you're on a tablet, smartphone or laptop, the website adjusts to your screen size. We also launched Apple Pay™ to offer our members a new way to pay with their mobile phones.

minutes of the ANNUAL MEETING OF THE MEMBERSHIP

Call to Order

Elizabeth J. Dooley, President/CEO, welcomed everyone to EECU's Annual Meeting and expressed appreciation to the members for attending. She thanked the school administrators at Alta Sierra who authorized us to use their facility this year—" . . . it is difficult to find a venue for so many people."

President/CEO's Comments

President/CEO Dooley introduced Eddie the Owl, the mascot for EECU's "4Kids Youth Program." She asked the kids to join Eddie. Although he is very quiet, he likes to have fun and spend time with kids as they play in the bounce house/slide area and enjoy the beverages and food that are provided.

One of the reasons EECU has Annual Meetings is to give information to its members, and one way it provides that information is through its Annual Report. She asked anyone who wanted an Annual Report to raise their hand, and staff would give them a report. Copies of EECU's full audited statements of financial condition as of year-end 2014 were also available from members of the management team.

President/CEO Dooley introduced and thanked Attorney Susan Anderson for serving as the parliamentarian for the meeting. She served a total of 22 years in public office and retired from the Fresno County Board of Supervisors in January 2013.

President/CEO Dooley reported that EECU had another very successful year:

- Assets grew to more than \$2.3 billion, with more than 242,000 members, who look to EECU for their financial needs. As the economy improves, we are here to meet their saving and borrowing needs.
 - "Saving members money" is one of our top priorities:
 - If a member has a loan at another financial institution at a higher interest rate, we will let the member know how much can be saved by refinancing at EECU. If you are in a branch or on our website, you can determine your savings if you move your loan.
 - We track the savings for members, and the savings literally amount to millions of dollars a year—millions that can be used for college expenses or an amazing vacation.
- "We love helping members save; that is part of our mission."
- ATMs have been opened in Fowler and Madera Ranchos, and a new branch will be opened in Tulare in August 2015.
 - EECU celebrated its 80th anniversary in 2014 and continues to be committed to developing products and services that add convenience to our members' lives and that will keep their information safe.

To help decrease card fraud, we added EMV chip technology to our credit cards. Chip cards are a smarter, more secure payment solution in the fight against fraud. Our project team worked diligently throughout 2015 to ensure that we were ready to issue EMV credit cards in early 2016, and EMV debit cards will be issued in the summer of 2016. We will continue to embrace new technologies that help to reduce your fraud risk.

Our financial education program is growing each year. We reached more than 15,000 people last year through in-person educational events to the community and schools, and we're excited to provide tools and resources that will help our members achieve their financial goals.

By doing business with EECU, you help us give back to the community in meaningful ways. In addition to our free financial literacy programs, we provide financial assistance to our student members through our grant program, which annually awards \$100,000 to members pursuing higher education. In 2016, we surpassed \$1 million in grants awarded since the program's inception in 2003.

With your support, in 2015 we raised \$25,050 for Central Valley Honor Flight to help send World War II and Korean War veterans to Washington, D.C. We provided funding for many school projects and events throughout the Valley, including a donation to help purchase backpacks full of school supplies for many local students. We also proudly supported numerous other programs, events and organizations throughout the year.

Smarter Banking isn't just a tagline – it's a core part of our business philosophy. We will continue to focus on the future and invest our time and resources to provide our members with everything they need to bank smarter and build a better future.

Derek F. Scharton, Chair, Board of Directors

Elizabeth J. Dooley, President/CEO

June 12, 2015

President/CEO Dooley thanked the members for their business and continued loyalty and support. "We will continue to do everything we can to earn your business."

President/CEO Dooley introduced Derek Scharton, Chairman of the Board.

Chairman's Comments

Chair Scharton again welcomed members and guests and referred to the Annual Report.

- EECU, as of December 31, 2014, was the 68th largest credit union in the U. S., the 14th largest in California, and the largest credit union in the central San Joaquin Valley. The Board of Directors and management work together to ensure that it remains a healthy and well-capitalized credit union.
- EECU's net worth as of December 31, 2014, was 12.72 percent, well above the requirements set by the National Credit Union Administration (NCUA).

Chair Scharton recognized and thanked Elizabeth J. Dooley, President/CEO, for her leadership. "Our President/CEO and employees deserve a big round of applause for their dedication and hard work."

- EECU was recognized as the best credit union in The Fresno Bee's People's Choice Award, for the ninth consecutive year.

- Other awards included the following. Chair Scharton said that we were honored to receive these awards and appreciate the recognition very much.

– The best credit union in the Best of Central Valley Business Awards.

– The Child-Friendly Business Award from First 5 Fresno County.

– President/CEO Dooley was one of three women honored with The Women Inspiring Girls Award from the Girl Scouts of Central California South.

– Barbara Thomas, EECU Board Member, was a recipient of the Marjaree Mason Center's Top Ten Professional Women Award.

- EECU has continued to support the Central Valley Honor Flight that takes veterans from World War II, the Korean War, and the Vietnam War to see their memorials in Washington, D.C. Two of our auto campaigns included a pledge of \$50 for each auto loan, which totaled \$18,750 in March 2014 and \$25,050 in May 2015, for this cause— thanks to the membership.

Call meeting to order

Chair Scharton officially called the 2015 EECU—81st— Annual Meeting to order at 7:45 p.m. and stated the purpose of the meeting:

- Celebrate the great success of the credit union.
- Show appreciation to our members.
- Have some fun.
- Fulfill the requirement for a meeting of the membership.
- Present EECU’s Annual Report, including its financial statements.
- Receive and certify the election results.
- Approve the minutes of last year’s Annual Meeting.
- Announce the recipients of the Grant Programs.

Chair Scharton recognized members of the Supervisory Committee and the Board of Directors.

Supervisory Committee

Walter Franzell, Chair
William Clark, Secretary
Tom Borchardt
Lisa Cutts
Ali Nekumanesh

Board of Directors

Derek Scharton, Chair
Frank Powell, Vice Chair
Paul Hokokian, Secretary
David Roberts, Treasurer
Cleo Bauer-Papagni
Rick Browning
Mike Snell
Barbara Thomas
John Tinker

Dean Clark, Board Emeritus
Carol Munshower, Board Emeritus

Chair Scharton acknowledged Associate Volunteer Ray Vargas.

Quorum

Chair Scharton said that according to EECU’s Bylaws, a quorum of at least 25 members must be present to conduct the Annual Meeting. He was advised that 2,054 members and guests were present.

Approval of Minutes

Chair Scharton referred to the minutes of the last Annual Meeting printed in the Annual Report and asked for a motion from members to approve said minutes.

ACTION:

Sandra Gorman moved to approve the minutes of the Annual Meeting of the EECU membership held on June 13, 2014. Dominic Papagni seconded the motion; it was voted on and passed.

Annual Report

Chair Scharton reviewed the Annual Report, which contained a combined message from the Chair and the President/CEO, a message from the Supervisory Committee, and EECU’s unaudited balance sheet and income statement as of March 31, 2015.

Student Grants Presentation

Chair Scharton reported that EECU has awarded student grants totaling \$975,000 to 625 student members since the Student Grant Program started in 2003. EECU received over 360 grant applications for 50 \$2,000 grants this year.

He recognized and thanked Michelle Hernandez, Grant Committee Chair, for her thirteenth year of administering the program. “. . . She does a great job.”

He also recognized and thanked members of the Grant Selection Committee—36 people who served this year.

Chair Scharton said that a poster with the names of all 50 EECU

grant recipients was displayed next to the stage, and a group photo of the grant recipients would be taken for display in EECU’s branches. He congratulated the recipients of the grants, and certificates were presented to all recipients in attendance.

Chair Scharton recognized and congratulated the recipients of the EECU employees’ spouses and dependents grant program—up to ten \$2,000 grants. Certificates were presented to those present.

Election Report

Chair Scharton introduced Dick Ashjian, Senior Vice President (SVP) Risk Management and Inspector of Election, and asked him to give the Election Report.

SVP Ashjian said that each year EECU seeks volunteers from the membership to run for the Board of Directors and the Supervisory Committee through newsletters, articles, and statement inserts. This year the information was published from November 2014 through January 2015.

Three members were nominated for the Board of Directors, and three members were nominated for the Supervisory Committee. No petitions were received this year, so the Board of Directors declared that those nominated were elected without the need for an election.

Those elected to the Board of Directors for three-year terms were:

Paul Hokokian, Frank Powell, and Derek Scharton.

Those elected to the Supervisory Committee for three-year terms were Tom Borchardt and William Clark. Ali Nekumanesh was elected to the committee for a two-year term.

Newly elected Officials were congratulated. SVP Ashjian stated that the Chair of the EECU Nomination and Election Committee and the Inspectors of Election certified the results of the election, which was conducted in conformity with the provisions of applicable law and EECU’s Bylaws.

Chair Scharton, on behalf of the Board of Directors, thanked Dean Clark for 39 years of service to EECU. Mr. Clark retired as an Emeritus Official; he was a member of the Supervisory Committee from 1976 to 2006 and during his tenure held the positions of secretary and chair. He was appointed to the Board twice to fill vacated unexpired terms. He actively served on several committees including the Volunteer Development and Nomination and Election Committees. “Thank you, Dean, for your many years of service and great golf skills that you shared at many golf tournaments.”

Adjournment

Chair Scharton concluded the business meeting at 8:00 p.m.

There was a drawing for door prizes, and all of those present were invited to enjoy the activities until 9:00 p.m.

Frank Powell, Ph.D., Chair
M. Levandusky, Executive Secretary

Balance Sheet

As of March 31, 2016

Assets

Member loans	\$ 1,043,978,812
Allowance for loan losses	(10,253,318)
Deferred loan fees	4,134,506
Net loans to members	\$1,037,860,000
Accrued interest receivable	\$ 6,325,911
Cash/cash equivalents	297,166,147
Investments	1,187,775,242
Unrealized investment holding gain (loss)	7,605,391
Property and equipment	16,183,595
NCUSIF	20,313,005
Other assets	66,987,382
Total assets	\$2,640,216,673

Liabilities and Equity

Liabilities	\$ 27,357,835
Regular shares	1,156,483,191
IRA shares	34,200,453
Special share certificates	544,660,800
IRA certificates	125,740,959
Share drafts	423,213,115
Total member liability	2,284,298,518
Total liabilities	\$2,311,656,353
Retained earnings	\$ 323,013,874
Unrealized investment holding gain (loss)	7,605,391
Unrecognized post-retirement gain (loss)	(2,058,945)
Total liabilities and equity	\$2,640,216,673

Consolidated Income Statement

April 1, 2015 – March 31, 2016

Revenue

Income from loans	\$ 48,898,426
Income from investments	23,037,731
Fees and charges	9,996,256
Miscellaneous operating income	18,548,835
Total revenue	\$ 100,481,248

Interest Expense

Dividend Expense	8,649,254
Interest Expense	0
Total interest expense	\$ 8,649,254

Operating Expense

Employee compensation and benefits	\$ 30,189,828
Education and development	564,153
Office occupancy expense	3,417,804
Office operations expense	12,508,575
Education/promotional	4,128,320
Loan servicing expense	9,568,065
Professional and outside services	2,588,562
Provision for loan losses	716,736
Miscellaneous expense	322,028
Sundry expense	1,170,327
Total operating expense	\$ 65,174,398
Net income	\$ 26,657,596

a message from the SUPERVISORY COMMITTEE

The Supervisory Committee members are elected by EECU members with the primary responsibility to work with your credit union's internal and external auditors and federal and state agencies to ensure that member assets are safeguarded by upholding applicable regulatory policies and procedures and to review and report on the financial position of the credit union.

It is my pleasure to report that EECU continues to be a financially sound credit union and remains committed to ethical business practices, honesty, and financial integrity at every level.

The Supervisory Committee retained the services of Moss Adams LLP, a national CPA firm, to perform an audit of the credit union's financial statements and verification of member accounts. I am pleased to report that, in their opinion, the balance sheets and related statements of income present fairly, in all material respects, the financial position and results of operations for EECU in conformity with U. S. generally accepted accounting principles. Combined with periodic regulatory examinations, members should feel confident that the credit union's financial performance and operations are regularly evaluated for safety and soundness.

We wish to express our appreciation to the Board of Directors, management and staff for their continued cooperation and diligence.

Tom Borchardt, Chair, Supervisory Committee

Board of Directors

Derek F. Scharton, Chair
Mike Snell, Vice Chair
David A. Roberts, Treasurer
Paul Hokokian, Secretary
Cleo Bauer-Papagni
Rick Browning
Walter A. Franzell
Barbara Thomas
John Tinker

Supervisory Committee

Tom Borchardt, Chair
Lisa Cutts, Secretary
William Clark
Ali Nekumanesh
Ray Vargas



Mailing Address

P.O. Box 5242
Fresno, CA 93755

Toll-Free Nationwide

1-800-538-3328

Personal Telephone Access

1-800-649-4PTA (4782)

Website

myEECU.org

Branch Hours

Monday – Thursday
9 a.m. – 5 p.m.
Friday
10 a.m. – 6 p.m.

Member Service Center Hours

Monday – Friday
7 a.m. – 7 p.m.
Saturday
9 a.m. – 1 p.m.

Branch Locations

Clovis
Fresno
Hanford
Madera
Merced
Reedley
Selma
Tulare
Visalia

Central San Joaquin Valley	1
California	14
United States	68

