

# 2018

## ANNUAL REPORT



## A MESSAGE FROM THE CHAIR & PRESIDENT

**W**e are pleased to present our 2018 Annual Report. When you review the financials in this report, you will see that we experienced strong growth last year. At the end of 2018, our net worth was 13.12 percent, well above the seven percent requirement to be considered well-capitalized. More than 14,800 people joined EECU last year, which exceeded our growth projections and demonstrates the strength of the credit union movement.

As a not-for-profit financial institution, we remain committed to enriching our members' lives by offering products and services that enhance their financial well-being. In 2018, we introduced new products, added more locations, continued our efforts to streamline our processes and increase efficiencies, and provided support for numerous events and programs.

Our mortgage loan product line now includes first-time home buyer loans through Wescom Central Credit Union, a trusted mortgage provider in the credit union industry. Our members now have access to fixed-rate conventional, VA and FHA loan products with low down payments.

The option to sign documents remotely is one of the ways we have increased efficiency and convenience for our members. With DocuSign, members can electronically sign their loan documents instead of making a trip to a branch. We also offer a mobile notary service for our Home Equity Line of Credit loan documents. These two new services demonstrate our efforts to make banking with EECU about our members' schedules – not ours.

Out of respect for our members' time, we offer the option to receive a call back from our Member Service Center rather than wait on hold. We also offer the convenience of making an appointment at a branch to open an account or apply for a loan, and to receive assistance with other services. The Appointment Concierge scheduling service is available on our website, our branch computer kiosks, and in online and mobile banking.

Creating a budget and tracking expenses can be hard to fit into today's busy schedules. Our members who use Online Banking have access to Money Management, a leader in the personal money management industry. Our free Money Management tool helps our members categorize spending, set goals, budget, track progress, and more. It's another free tool we provide to help our members manage their money more effectively.

In January 2018, we opened our beautiful new branch in Sanger. The exterior is sleek and modern, and the inside showcases free-standing "teller pods" instead of a traditional teller line, and a living plant wall, which helps to absorb pollutants and reduce indoor air pollution. We also opened a second ATM in Selma. We now have 19 branches to serve our growing membership, and more than 30,000 EECU and CO-OP ATMs nationwide.

Our employees raised thousands of dollars last year for local charities and organizations. They held raffles, bake sales, and even a concert to raise money to help those in need. A few of the organizations that benefited from the money raised are Wings Advocacy Fresno, Central California Food Bank, and Poverello House. They also donated clothing, books, backpacks and supplies to many local charities and schools. We are proud of our employees and the good work they do in the community.

EECU's investment in the community is possible because of the support of its members. We're deeply committed to providing free financial education programs in the classroom and in the community. We also sponsor many programs and events, such as academic decathlons, sober grad nights, college and career days, reading programs, spelling bees, Excellence in Education events, student art shows, and band reviews that benefit people living in the communities we serve.

It's because of your support that we closed the books on another successful year. It is our privilege to serve more than 296,000 members with over \$3 billion in assets. Thanks for choosing EECU as your financial partner.

**Mike Snell**, Chair, Board of Directors

**Elizabeth J. Dooley**, President/CEO

# MINUTES OF THE ANNUAL MEETING OF THE MEMBERSHIP EDUCATIONAL EMPLOYEES CREDIT UNION

June 15, 2018

## CALL TO ORDER

Elizabeth J. Dooley, President/CEO, welcomed everyone to EECU's Annual Meeting and thanked members for attending. She expressed appreciation to the administrators at Alta Sierra who allowed us to use their facility again this year.

## PRESIDENT/CEO'S COMMENTS

President/CEO Dooley introduced herself and Eddie the Owl, the mascot for EECU's "4Kids Youth Program," who is actually lots of fun. She asked the kids to join Eddie at the bounce house/slide area during the business meeting.

## ANNUAL REPORT

President/CEO Dooley offered copies of EECU's Annual Report and EECU's full audited statements of financial condition as of year-end 2017.

President/CEO Dooley recognized Sean T. O'Rourke and thanked him for serving as the parliamentarian for the meeting. He is an attorney with Petrie Dorfmeier, LLP.

President/CEO Dooley said that there would be a drawing for exciting prizes at the end of the business meeting. She told those present that as members of EECU, they are part of a financial cooperative which is strengthened by the support of its members. EECU is celebrating its 84th year in business. She reported that EECU had another great year in 2017 and continues to do a great job. The Annual Reports indicate that:

- In 2017, we earned net income of \$24.4 million.
- As of December 31, 2017, our net worth ratio was a strong 12.49 percent, well above the seven percent requirement set by our regulators to be considered well capitalized.
- Between March 2017 and March 2018 we grew loans by a net of more than \$94 million, or 8.37 percent, and deposits by a net of more than \$141 million, or 5.91 percent.
- To date, we serve more than 280,000 members.
- Last year, we opened ATMs at our Clinton Way branch, in Hanford, and in Fresno's Tower District. We opened a new branch in Sanger in January, so we now have 19 branches throughout the San Joaquin Valley.
- We also added many new products and services during the year, including some mortgages for first time home buyers with low down payment options. In addition to Apple Pay, we now also offer Samsung Pay and Google Pay.
- Our Computer Loan is now called a Technology Loan, and may also be used for financing cell phones, home theater systems, and even home security systems.
- We recently started offering DocuSign for some of our loan documents, which allows them to be signed electronically – saving a trip to the branch.

President/CEO Dooley said she hoped the members were enjoying the new services, as well as coming together to socialize with family and friends at EECU's Annual Meeting.

President/CEO Dooley introduced Derek Scharton, Chairman of the Board. Derek started with the credit union as an Associate Volunteer in 2007 and was appointed to the Board of Directors in late 2008. He has served as Chair of the Board since 2014. Those in attendance applauded as President/CEO Dooley thanked him for a job well done and for his years of service to the credit union.

## CHAIRMAN'S COMMENTS

Chair Scharton again welcomed members and their guests to the meeting. He reiterated that EECU ended 2017 with positive earnings and solid capital, and said that the credit union is well positioned for strong growth again this year. He reported as Chairman that:

- EECU ended 2017 with \$2.9 billion in assets, and reached the milestone of \$3 billion in assets in March of this year.
- By asset size, we are the 72nd largest credit union in the United States, the 15th largest in the state, and the largest credit union based in the central San Joaquin Valley.
- Last year, we introduced a new service by which members may text us about the service they receive. To date, we've received nearly 11,000 texts and more than 90 percent are positive.
- EECU has supported many community organizations, programs, and events this past year. We were voted best credit union in The Fresno Bee's People's Choice Awards for the 12th year in a row, and in the Fresno Business Journal's Best of Central Valley Business Awards.

## THANK YOU PRESIDENT/CEO

Chair Scharton recognized and thanked President/CEO Dooley for her leadership. She and the staff deserve a big round of applause for their dedication and commitment to EECU and its members.

## CALL MEETING TO ORDER

Chair Scharton officially called the 2018 EECU Annual Meeting to order at 7:48 p.m. He thanked members for attending and for their loyalty and support. He stated the purpose of the meeting was to celebrate the great success of the credit union, show appreciation to our members, and have some fun. Further, the meeting is intended to:

- Fulfill the requirement for an annual meeting of the membership;
- Present EECU's Annual Report, including its financial statements;
- Report our election results;
- Approve the minutes of last year's Annual Meeting; and,
- Announce the recipients of the Grant Programs.

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

### **Supervisory Committee**

Lisa Cutts, Chair  
Ali Nekumanesh, Secretary  
Tom Borchardt  
William Clark  
Phil Neufeld

### **Board of Directors**

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

Chair Scharton said that a poster with the names of all EECU grant recipients was on display next to the stage, and a group photo of the grant recipients would be taken at the close of the meeting 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 EECU's Employee Grant Program. Employees' spouses and dependents are eligible for up to ten \$2,000 grants. Certificates were presented to those present.

### **Associate Volunteers**

Mike Berg  
Diego Moreno

### **Emeritus**

Carol Munshower

### **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 2,352 members and guests were present—" . . . we have a quorum."

### **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, noting that the makers of the motion must be EECU members.

### **ACTION**

Dominic Papagni moved to approve the minutes of the Annual Meeting of the EECU membership held on June 16, 2017. The motion was seconded, voted on, and passed.

### **ANNUAL REPORT**

Chair Scharton reviewed the Annual Report, which contained a combined message from the Chairman of the Board and the President/CEO, a message from the Supervisory Committee, and EECU's unaudited balance sheet and income statement as of March 31, 2018.

### **STUDENT GRANTS PRESENTATION**

Chair Scharton reported that EECU has awarded student grants totaling over \$1.2 million to 775 student members since the program's inception in 2003. The cost of education continues to rise, and many students take out loans to cover the cost of books, housing, and tuition. The EECU Board established the program to help students achieve their career goals by providing grant money to help pay some of the students' education expenses. EECU received 397 eligible grant applications for one of fifty \$2,000 grants this year.

He recognized and thanked Michelle Hernandez, Grant Committee Chair, for her 16th year of administering the program. ". . . she has always done a great job."

Chair Scharton also recognized and thanked members of the Grant Selection Committee; 36 people served on the committee this year. He asked Grant Selection Committee Members present to stand and be recognized.

### **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 newsletter articles, statement inserts, and the inLighten boards in its branches. This year the information was published from November 2017 through January 2018.

Three members were nominated for the Board of Directors, and two members were nominated for the Supervisory Committee, as a result of the nomination process. 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 Walter Franzell, Paul Hokokian, and Ali Nekumanesh.

Those elected to the Supervisory Committee for three-year terms were Tom Borchardt and William Clark.

The Chair of the EECU Nomination and Election Committee and the Inspectors of Election certified the results of this election conducted in conformity with the provisions of applicable law and our Bylaws.

### **ADJOURNMENT**

Chair Scharton concluded the business meeting at 8:04 p.m.

President/CEO Dooley conducted the drawing for door prizes, noting that employees and their immediate family members were not eligible to receive prizes. She invited all of those present to visit with family and friends and enjoy the activities until 9:00 p.m.

**Derek Scharton**, Chair

**Lisa Pontecorvo**, Executive Secretary

## Balance Sheet

As of March 31, 2019

### Assets

Member Loans	\$ 1,381,293,431
Allowance for Loan Losses	(10,270,649)
Deferred Loan Fees	5,037,403

**Net Loans to Members** **\$ 1,376,060,185**

Accrued Interest Receivable	\$ 8,902,340
Cash/Cash Equivalents	338,134,879
Investments	1,351,085,499
Unrealized Invest. Holding Gain (Loss)	(6,250,863)
Property and Equipment	18,028,286
NCUSIF	25,772,203
Other Assets	26,032,048

**Total Assets** **\$ 3,137,764,577**

### Liabilities and Equity

**Liabilities** **\$ 34,817,083**

Regular Shares	1,477,540,450
I R A Shares	39,148,070
Special Share Certificates	513,468,876
I R A Certificates	108,976,915
Share Drafts	570,150,384

**Total Member Liability** **2,709,284,695**

**Total Liabilities** **\$ 2,744,101,778**

Retained Earnings	\$ 404,927,119
Unrealized Invest. Holding Gain (Loss)	(6,250,863)
Unrecognized Postretirement Gain (Loss)	(5,013,457)

**Total Liabilities and Equity** **\$ 3,137,764,577**

## Consolidated Income Statement

April 1, 2018 – March 31, 2019

### Revenue

Income from Loans	\$ 58,432,021
Income from Investments	33,587,105
Fees and Charges	12,298,888
Miscellaneous Operating Income	27,742,243

**Total Revenue** **\$ 132,060,257**

### Interest Expense

Dividend Expense	11,116,232
Interest Expense	0

**Total Interest Expense** **\$ 11,116,232**

### Operating Expense

Employee Compensation and Benefits	\$ 36,054,211
Education and Development	573,448
Office Occupancy Expense	4,605,349
Office Operations Expense	15,388,818
Educational/Promotional	6,327,083
Loan Servicing Expense	14,217,540
Professional and Outside Services	3,820,932
Provision for Loan Losses	4,331,118
Miscellaneous Expense	555,813
Sundry Expense	1,369,575

**Total Operating Expense** **\$ 87,243,887**

**Net Income** **\$ 33,700,138**

## A MESSAGE FROM THE SUPERVISORY COMMITTEE

The Supervisory Committee members are elected by EECU members. The Committee's primary responsibility is to work with management to engage an independent CPA firm to perform annual audits of the credit union's financial statements and verification of member accounts. Further, the Committee oversees and reviews the activities of the internal audit department, and works with state and federal regulators to ensure that the credit union's policies, procedures and internal controls are adequately designed to protect member's assets.

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 Committee retained the services of Moss Adams LLP, a national CPA firm, to perform the annual financial statement audit and verification of members' accounts. I am pleased to report that, in their opinion, the balance sheets and related statements of income fairly present, in all material respects, the financial position for EECU and conform with generally accepted accounting principles. Combined with periodic regulatory examinations and planned internal audits, 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.

**Lisa Cutts**

Chair, Supervisory Committee

### **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	Reedley
Fresno	Sanger
Hanford	Selma
Madera	Tulare
Merced	Visalia

### **EECU Size Ranking (by assets)**

*As of December 31, 2018*

Central San Joaquin Valley	<b>1</b>
California	<b>15</b>
United States	<b>77</b>

### **Board of Directors**

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

### **Supervisory Committee**

**Lisa Cutts, Chair**  
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