

2021

ANNUAL REPORT



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BOARD CHAIR AND PRESIDENT/CEO REPORT

EECU has been a trusted provider of financial services since 1934. We are as dedicated today as we were then to helping our members save, borrow, and invest wisely. We take great pride in providing our members with products and services that will help them achieve financial well-being at every stage of life.

We continue to operate as a safe and sound credit union for our growing membership. We experienced strong growth in membership and assets in 2021. As of December 31, 2021, we serve more than 336,700 members with over \$4.6 billion in assets. EECU's net worth is 10.37% as of year-end 2021 – much higher than the 7% minimum required by our regulators to be considered a well-capitalized credit union. The efforts of our management team, volunteer officials, and staff contribute greatly to our success.

Although we are starting to emerge from the worst of the pandemic, life is not completely back to normal. As your credit union, we remain focused on helping you get the most out of your finances with affordable products and services that enhance your life. As a not-for-profit financial cooperative, EECU does not have stockholders and so our members are the ones who reap the benefits of our investments – benefits such as lower loan rates, higher savings rates, low-to-no fees, free financial education to students and community organizations, and generous donations to events and programs in the communities we serve.

We recently celebrated 30 years of sponsoring the Fresno County Educator of the Year awards ceremony, which honors outstanding teachers, administrators, and school employees. We also sponsor Excellence in Education events in Kings, Madera, Merced, and Tulare counties. Our Student Grant Program awards \$100,000 in grants each year, and through year-end 2021 we have given more than \$1.5 million in grants to student members pursuing higher education. We are also proud to provide financial support to numerous organizations throughout the valley, including the Marjaree Mason Center, African American Historical & Cultural Museum, Valley Caregiver Resource Center, and The Salvation Army.

Enhancing the member experience and deepening relationships is at the forefront of our strategic goals and initiatives. Mobile banking usage continues to grow and last year we added new features to our mobile app to give you additional tools to manage your finances. Money Management, our personal financial management solution, has been available in our full online banking site for many years and was added to our mobile app in 2021. With Money Management, you can track your spending, create budgets, set goals, and more. Our mobile deposit feature now offers the flexibility of making deposits into a Savings account or Checking account. When you're on-the-go, we're right there with you.

In 2021 we completed a major core system upgrade, which is part of our member-centric technology strategy and allows us to better serve our members and increase efficiencies throughout the credit union. We also upgraded our online application to make it even faster and easier to apply for a loan online. With many of our loans you can even sign documents electronically – no need to visit a branch.

Although we offer many remote banking options, we enjoy visiting with you in person. With the opening of our newest branch at Shaw & Armstrong in Clovis, we will have 20 branches throughout the central San Joaquin Valley to serve you.

In closing, we'd like to recognize Barbara Thomas, a 27-year member of our board of directors, who was honored last year with the J. Alvin George Outstanding Volunteer Award from the California and Nevada Credit Union Leagues. Barbara is a role model in her service to and support of the credit union and the community, and we are so grateful for her years of service to EECU.

We are here for you today and we look forward to serving you for many tomorrows to come. Thank you for being part of the EECU family.

Walter A. Franzell, Chair, Board of Directors
Elizabeth J. Dooley, President/CEO

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

June 18, 2021

CALL TO ORDER

Elizabeth J. Dooley, President/CEO, welcomed everyone to EECU's second virtual Annual Meeting. She introduced herself and thanked those who joined the meeting online. The meeting was broadcast from EECU's Operations Center, beginning at 1:30 p.m.

PRESIDENT/CEO'S COMMENTS

President/CEO Dooley explained that one of the things that make credit unions unique is their shared philosophy of "people helping people." Putting people first was never more evident than during the uncertainty we experienced last year. The year 2020 started off like any other year, but everything changed in March when our lives were upended by the pandemic. EECU has supported its members through many difficult times in its 87-year history, such as the Great Depression, wars, economic downturns and recessions – all of which caused great financial hardship for many people. Our members know that they can depend on EECU to be there for them during good times and bad times, and that we will always put people before profits. When shelter-in-place orders were issued in March of 2020, businesses that are recognized as essential – which includes financial institutions – were allowed to remain open. Our top priority was to keep our branches open while at the same time protecting the health and safety of our employees and our members. We followed the guidance of federal, state and local health agencies and quickly adopted new practices, assessing how to best manage our branch and back-office services to ensure a safe environment.

With so many people out of work or working fewer hours, we proactively reached out to our members and provided options to help relieve some of their financial worries and stress.

- From mid-March through December 31, 2020, EECU deferred more than 7,000 consumer loan payments and over 150 real estate loan payments, totaling more than \$130 million in loans, to help members who were affected by the pandemic.
- We increased credit card limits and we offered loans at zero percent interest to help our members make ends meet during a very financially challenging time.
- We also waived fees totaling over \$2 million.

People helping people isn't just a motto – it's what we do.

President/CEO Dooley took the opportunity to thank EECU employees for their commitment over the past year to continue providing essential financial services to members. With the many challenges brought about by the pandemic, staff often had very little time to react and adjust. "They did a great job and I commend them for all their hard work and resilience."

President/CEO Dooley also thanked the members of the Board of Directors and the Supervisory Committee for their guidance and leadership during this challenging environment.

President/CEO Dooley pointed out that challenges often present opportunities to do things differently. For example, EECU's financial literacy programs are usually taught in person at schools throughout the valley. When schools closed in March of 2020, and students transitioned to online

learning, staff quickly created online versions of EECU's various programs. The new format has been well-received by both teachers and students and we are able to continue our mission of improving financial literacy.

Although many of our resources were allocated to pandemic-related concerns last year, we were able to successfully launch our updated online lending and account opening system in January. Now the entire loan application process, including signing documents electronically, may be completed online. We now also offer the option to open accounts online. EECU will continue to enhance its online banking services to meet the needs of its members.

President/CEO Dooley provided the following update on new facilities:

- An ATM was opened last summer in the El Paseo Shopping Center near Herndon and 99 in Fresno.
- Construction on a new Reedley branch is almost complete. We will be moving from the current Reedley location to the new location near Reedley High School.
- Construction is underway on a new branch at Shaw and Armstrong in Clovis. The branch is expected to open either later this year or early next year.

EECU continues to invest in our community by supporting many programs and events as well as organizations that help people in need. President/CEO Dooley said she appreciated the support of all the members and thanked them for joining EECU's Annual Meeting online.

President/CEO Dooley introduced Walter Franzell, Interim Chair of the Board.

INTERIM CHAIR'S COMMENTS

Interim Chair Franzell recognized President/CEO Dooley and the EECU staff for their perseverance, resilience and hard work during the challenges of the past year and expressed his pride of their commitment to EECU's membership. He highlighted the following:

- More than 14,800 new members joined EECU last year, bringing the total number of members to more than 327,000.
- Net worth is one measure of the strength of a credit union. EECU's net worth as of April 30, 2021, was 10.43 percent, a very respectable number given the current economic environment.
- Last June, EECU's assets reached \$3.6 billion. Today, we have more than \$4.4 billion in assets, a 22 percent increase from June 2020.
- Our members view EECU as a safe place for their money and so we saw large increases in asset and savings growth in 2020, likely due in part to the government stimulus payments and a flight to safer investment choices, such as share and IRA certificates.
- We have an 87-year history of stability and financial strength, and our growth in membership and shares reflects our members' confidence in us.

Interim Chair Franzell stated that the credit union is proud to serve all of its members and thanked them for choosing to bank with EECU.

CALL MEETING TO ORDER

Interim Chair Franzell officially called the 2021 EECU Annual Meeting to order at 1:39 p.m. He stated the purpose of the meeting was to celebrate the success of the credit union, show appreciation to our members, and:

- 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,
- Recognize EECU's student grant recipients.

Interim Chair Franzell pointed out the links on the participants' screens for viewing EECU's Annual Report, the minutes of last year's Annual Meeting, and a list of the student grant recipients. He indicated that members with any questions could email info@myEECU.org and would receive a response within two business days.

Interim Chair Franzell took a moment to acknowledge the passing of John Tinker, the Chair of EECU's Board of Directors. John was a highly valued and respected member of our EECU family, and he will be greatly missed.

Interim Chair Franzell read the names of EECU's 2020-2021 Supervisory Committee:

- William Clark, Chair;
- Lisa Cutts, Secretary;
- Tom Borchardt;
- Phil Neufeld; and
- Brad Stevens

EECU's 2020-2021 Board of Directors are:

- Rick Browning, Treasurer;
- Cleo Bauer-Papagni, Secretary;
- Paul Hokokian;
- Ali Nekumanesh;
- David Roberts;
- Mike Snell;
- Barbara Thomas;
- And myself (Walter Franzell) as the Interim Chair.

EECU has three Associate Volunteers:

- Angela Arismendi-Pardi;
- Nikolaus DeJong; and,
- Darcy Williams

And one Emeritus Board member:

- Derek Scharton

EECU's volunteer officials are members of the credit union who are elected by the membership and act in the members' best interest. Unlike stockholders at a bank, our officials do not receive any financial compensation for their service. Member-owners of EECU have a share in the credit union and can vote to elect volunteer officials.

QUORUM

Interim Chair Franzell declared that according to EECU's Bylaws, a quorum of at least 25 members must be present to conduct the Annual Meeting. He confirmed that 25 members were present at EECU's Operations Center, constituting a quorum.

APPROVAL OF MINUTES

Interim Chair Franzell referred to the minutes of the last Annual Meeting on June 12, 2020, and noted that they may be found in the Annual Report available on EECU's website. He asked for a motion from members attending in person to approve said minutes, noting that the makers of the motion must be EECU members.

ACTION

Mark Perez moved to approve the minutes of the Annual Meeting of the EECU membership held on June 12, 2020. The motion was seconded by Jeff Williams, voted on, and passed.

ANNUAL REPORT

Interim Chair Franzell 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, 2021.

GRANT RECIPIENTS

Student Grant Program

Interim Chair Franzell stated that EECU's student grant program annually awards \$100,000 in grants to help students pay for education-related expenses.

The recipients of this year's grant program will each receive \$2,000 to assist with education expenses. Since its inception in 2003, our member grant program has awarded more than \$1.5 million to 925 student members. EECU received 564 eligible grant applications last year and we want to extend our thanks to the 47 member volunteers who read the applications and selected the 50 recipients.

Grant Program for Spouses and Dependents of Employees

In addition to our Member Grant Program, EECU also offers a grant program for the spouses and dependents of employees. Ten \$2,000 grants were awarded through this program as well.

Interim Chair Franzell offered his congratulations on behalf of EECU to all of the grant recipients.

ELECTION REPORT

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

SVP Ashjian reported that each year EECU seeks volunteers from the membership to run for the Board of Directors and the Supervisory Committee. From November 2020 through January 2021, potential candidates were sought through various channels, including our newsletter, statements, and website. As a result of the nomination process, three members were nominated for the Board of Directors and two for the Supervisory Committee. As no petitions were received, the Board of Directors has declared that those nominated are elected without the need for an election.

Elected to the Board of Directors for three-year terms:

- Lisa Cutts;
- Walter Franzell; and,
- Ali Nekumanesh

Elected to the Supervisory Committee for three-year terms:

- William Clark; and,
- Kathryn Ortega-Jones

The Chair of the EECU Nomination and Election Committee and the inspectors of the election have now reported the results of this election, which was conducted in conformity with the provisions of applicable law and our bylaws.

Adjournment

Interim Chair Franzell concluded the business meeting at 1:47 p.m. and thanked everyone for joining EECU's virtual Annual Meeting.

Walter Franzell, Interim Board Chair
Lisa Pontecorvo, Executive Secretary

Balance Sheet

As of March 31, 2022

Assets

Member Loans	\$ 1,585,172,682
Allowance for Loan Losses	(11,206,424)
Deferred Loan Fees	6,781,388

Net Loans to Members **\$ 1,580,747,646**

Accrued Interest Receivable	\$ 8,545,295
Cash/Cash Equivalents	865,101,839
Investments	2,244,398,154
Unrealized Invest. Holding Gain (Loss)	(95,901,610)
Property and Equipment	22,454,016
NCUSIF	38,617,710
Other Assets	120,560,223

Total Assets **\$ 4,784,523,273**

Liabilities and Equity

Liabilities **\$ 48,063,280**

Regular Shares	2,589,317,068
I R A Shares	56,112,866
Special Share Certificates	625,388,259
I R A Certificates	107,837,723
Share Drafts	963,539,670

Total Member Liability **4,342,195,586**

Total Liabilities **\$ 4,390,258,866**

Retained Earnings	\$ 493,557,609
Unrealized Invest. Holding Gain (Loss)	(95,901,610)
Unrecognized Postretirement Gain (Loss)	(3,391,592)

Total Liabilities and Equity **\$ 4,784,523,273**

Income Statement

April 1, 2021 – March 31, 2022

Revenue

Income from Loans	\$ 60,290,598
Income from Investments	26,373,508
Fees and Charges	14,800,773
Miscellaneous Operating Income	41,375,234

Total Revenue **\$ 142,840,113**

Interest Expense

Dividend Expense	11,630,772
Interest Expense	0

Total Interest Expense **\$ 11,630,772**

Operating Expense

Employee Compensation and Benefits	\$ 43,048,253
Education and Development	297,224
Office Occupancy Expense	4,605,589
Office Operations Expense	16,221,796
Educational/Promotional	4,805,266
Loan Servicing Expense	17,745,169
Professional and Outside Services	10,192,014
Provision for Loan Losses	1,365,976
Miscellaneous Expense	332,963
Sundry Expense	1,438,449

Total Operating Expense **\$ 100,052,699**

Net Income **\$ 31,156,642**

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 members' assets.

The Supervisory Committee reports 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.

Phil Neufeld

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.

Clovis West branch

Monday – Friday 8 a.m. to 4 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, 2021

Central San Joaquin Valley	1
California	13
United States	68

Board of Directors

Walter A. Franzell, Chair
Ali Nekumanesh, Vice Chair
Rick Browning, Treasurer
Cleo Bauer-Papagni, Secretary
Lisa Cutts
David A. Roberts
Derek Scharton
Mike Snell
Barbara Thomas

Supervisory Committee

Phil Neufeld, Chair
Brad Stevens, Secretary
Tom Borchardt
William Clark
Kathryn Ortega-Jones