

2022

ANNUAL REPORT



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BOARD CHAIR AND PRESIDENT/CEO REPORT

We are proud to report that 2022 was another successful year for EECU. The support of our members and our dedicated staff makes it possible for us to deliver on our mission to provide unrivaled member service and offer affordable products and services that promote financial wellness.

Adding new branches and ATMs is part of our strategic plan to keep pace with our growth in membership. Last year, we opened a branch in Clovis at Shaw and Armstrong Avenues and in downtown Porterville. Our newest branch in Paso Robles is scheduled to open in June, which will bring our total to 22 branches to serve our growing membership. Residents and workers in the downtown Visalia area now have convenient access to an EECU ATM.

We continue to serve members of the educational community and over the years we have expanded our field of membership to include the employees and members of select employers and organizations, such as Valley Children's Healthcare, St. Agnes Hospital, and, most recently, City of Fresno employees. Our membership grew 4.3 percent last year and we ended 2022 with 351,440 members. As of December 31, 2022, our assets are more than \$4.5 billion and our net worth is a very healthy and respectable 11.55 percent.

Online and mobile banking adoption continues to increase as consumers seek convenient, safe and easy ways to conduct their banking whenever and wherever they choose. We introduced our new Card Control feature last year that offers another layer of protection against card fraud. Cardholders who misplace their card can easily "turn off" the card in online or mobile banking so that it can't be used. Other features include enabling purchase notifications, setting purchase amount limits, and creating transaction controls.

We are passionate about giving back to the communities we serve and we do so in a variety of ways. In 2022, we sponsored numerous community events, including the Bridge2College scholarship awards dinner, Fresno Grizzlies Wild About Reading program, spelling bees in several counties, Valley Caregiver Resource Center, Sober Grad events, Boys & Girls Club, CASA, and The Salvation Army backpack distribution.

We also invest in the community by providing free financial literacy education for youth and adults to help fill the gap in financial education and promote good financial habits. More than 7,800 students and adults attended our classroom presentations and workshops last year on topics such as creating a budget, balancing a checkbook, getting a loan, understanding credit and credit scores, and preventing fraud.

Credit unions embrace the "people helping people" philosophy and we are committed to helping our members during difficult times. Many of our members were affected by the storms that battered California this past winter. We proactively reached out to our members living in California with information about our special financial assistance package, which includes offering some loans at zero percent interest and the option to skip a loan payment. During an economic downturn, job loss, natural disaster, and the recent pandemic, for example, we provide our members with options to help ease their fears and anxiety about their finances.

We were excited to be ranked the 3rd best credit union in California by Forbes in their 2022 annual list of America's Best Credit Unions. Just 3.4 percent of credit unions in the country made the list and so we were quite honored to be ranked so high. This prestigious recognition validates the great work our employees do every day and their commitment to providing our members with excellent service. We were also named best credit union by the readers of two local publications: *The Business Journal Best of Central Valley Business Awards* and, for the 16th year in a row, *The Fresno Bee Best of Central California – The People's Choice Awards*.

Looking ahead, we will continue to focus on providing an exceptional member experience and offering products and services that empower our members to lead their best financial lives. Thank you for choosing EECU; we are grateful for the opportunity to serve you.

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 17, 2022

CALL TO ORDER

Elizabeth J. Dooley, President/CEO, welcomed everyone to EECU's virtual Annual Meeting. The meeting was broadcast from EECU's Operations Center, beginning at 1:30 p.m. She introduced herself and welcomed those who joined the meeting online. She noted that EECU recently celebrated its 88th anniversary and thanked the many dedicated and experienced volunteer officials and employees who have been a part of that journey.

PRESIDENT/CEO'S COMMENTS

President/CEO Dooley reported that the number of credit unions has grown tremendously since EECU opened its doors back in 1934. There are now more than five thousand credit unions in the United States, and as of December 2021, EECU is the 68th largest credit union in the U.S. We are also the largest credit union based in the central San Joaquin Valley.

EECU continues to operate as a safe and sound credit union, as evidenced by our strong growth in membership and assets last year. Our assets grew 14.69 percent and our membership grew by 4.7 percent. 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 yet completely back to normal. In 2021, there were wildfires, hurricanes, and other natural disasters that affected so many people. During trying times, EECU is here to lend a hand. We offered a special financial assistance package to members affected by fires and other natural disasters to help alleviate some of their financial stress. EECU always strives to deliver excellent service during every interaction we have with members and to provide them with the support they need during good and bad times.

As your credit union, EECU remains focused on providing affordable financial products and services that make banking with us easy and convenient. We expanded the parking lot at our Sanger branch to better accommodate our growing membership in the area. We also opened an ATM inside the Fresno airport and in downtown Visalia. We relocated our Reedley branch near the high school, just north of the downtown area. And, we're opening a new branch at Shaw & Armstrong in Clovis, bringing our total to 20 branches throughout the central San Joaquin Valley to serve our members. EECU's branch and ATM network continues to grow along with our membership.

EECU's financial education program is also growing. We now have four full-time employees who teach financial literacy in person and virtually to students of all ages, and instruction is available in English and Spanish. We are committed to educating people about the fundamentals of saving, budgeting, borrowing, and investing to help them achieve financial well-being. In 2021, more than 5,000 people attended our financial literacy presentations. Our members also have access to a variety of financial resources on our website, and we encourage everyone to check them out.

President/CEO Dooley acknowledged all of EECU's employees for their efforts these past two years as they dealt

with the many challenges resulting from the pandemic. She thanked EECU's volunteer officials for their leadership and continued support. The members of our Board of Directors, Supervisory Committee and our Associate Volunteer program are volunteers who provide direction and oversight to the credit union and work closely with our management team on policy setting and strategic planning. She also thanked the membership for choosing EECU as their financial partner and for joining the meeting online.

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

BOARD CHAIR'S COMMENTS

Chair Franzell reported that EECU welcomed more than 15,000 new members and had strong asset growth last year. As of December 31st, 2021, we serve more than 336,700 members with over \$4.6 billion in assets. Our net worth is 10.37 percent as of year-end 2021, which is much higher than the seven percent minimum required by our regulators to be considered a well-capitalized credit union.

Chair Franzell thanked President/CEO Dooley and the EECU staff for ensuring that the credit union continued operating safely and soundly during a very difficult couple of years.

EECU is excited to introduce features and technologies that help members make the most of their banking experience with us. Members now have the ability to manage how, when and where EECU cards are used with our new Card Control feature, available in online and mobile banking. If a card is misplaced, it can quickly be turned off so it can't be used. Members can also set up card usage alerts to keep track of their spending. Last year EECU completed a major core computer system upgrade that helps us better serve our members and increases efficiencies throughout the credit union. Additionally, EECU implemented a new online account opening and loan application system, making it easier for people to join the credit union and apply for loans completely online.

MEETING CALLED TO ORDER

Chair Franzell officially called the 2022 EECU Annual Meeting to order at 1:37 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.

Chair Franzell pointed out the link (myEECU.org/2022annualmeeting) for viewing EECU's Annual Report, which contains the following items:

- A combined message from our President/CEO and the Chair of our Board of Directors;
- A message from our Supervisory Committee; and
- Our unaudited Balance Sheet and Income Statement as of March 31, 2022.

Chair Franzell mentioned that there is a link on EECU's website to a document with the names of our student grant recipients. If members have a question during the meeting, please email info@myEECU.org and we will respond within two business days.

Chair Franzell recognized the volunteers who served on EECU's 2021-2022 Supervisory Committee:

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

EECU's 2021-2022 Board of Directors are:

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

Chair Franzell declared it was his honor and pleasure to serve as the Chair of EECU's Board of Directors.

EECU has four Associate Volunteers:

- Nikolaus De Jong;
- Christian Govea;
- Miguel Palomares; and,
- Darcy Williams.

And one Emeritus Board member:

- Paul Hokokian

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.

Chair Franzell took a moment to recognize Barbara Thomas, a 27-year member of EECU's Board of Directors. Last year, Barbara received the J. Alvin George Outstanding Volunteer Award from the California and Nevada Credit Union Leagues. She is a role model in her service to and support of the credit union and the community, and we are very grateful for her years of service to EECU.

QUORUM

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

Chair Franzell referred to the minutes of the last Annual Meeting on June 18, 2021, 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 18, 2021. The motion was seconded by Jeff Williams, voted on, and passed.

GRANT RECIPIENTS

Student Grant Program

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 \$1.6 million to 975 student members. EECU received 468 eligible grant applications last year and we want to extend our thanks to the 40 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.

On behalf of EECU, Chair Franzell offered his congratulations to all of the grant recipients.

ELECTION REPORT

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 2021 through January 2022, 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:

- Cleo Bauer-Papagni;
- Derek Scharton; and,
- Mike Snell.

Elected to the Board of Directors for a one-year term:

- Phil Neufeld

Elected to the Supervisory Committee for three-year terms:

- Nikolaus De Jong; and,
- Saeng Bunsy.

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

With no further business on the agenda, Chair Franzell concluded the business meeting at 1:45 p.m. and thanked everyone for joining EECU's virtual Annual Meeting.

Walter Franzell, Board Chair
Lisa Pontecorvo, Executive Secretary

Balance Sheet

As of March 31, 2023

Assets

Member Loans	\$ 1,961,503,517
Allowance for Loan Losses	(26,381,727)
Deferred Loan Fees	7,650,545

Net Loans to Members **\$ 1,942,772,335**

Accrued Interest Receivable	\$ 10,863,549
Cash/Cash Equivalents	310,224,673
Investments	2,448,466,637
Unrealized Invest. Holding Gain (Loss)	(174,701,541)
Property and Equipment	25,053,994
NCUSIF	41,898,164
Other Assets	51,550,087

Total Assets **\$ 4,656,127,898**

Liabilities and Equity

Liabilities **\$ 49,170,989**

Regular Shares	2,518,044,992
I R A Shares	54,330,547
Special Share Certificates	585,599,747
I R A Certificates	105,628,304
Share Drafts	982,033,559

Total Member Liability **4,245,637,149**

Total Liabilities **\$ 4,294,808,138**

Retained Earnings	\$ 532,520,531
Unrealized Invest. Holding Gain (Loss)	(174,701,541)
Unrecognized Postretirement Gain (Loss)	3,500,770

Total Liabilities and Equity **\$ 4,656,127,898**

Income Statement

April 1, 2022 – March 31, 2023

Revenue

Income from Loans	\$ 68,036,698
Income from Investments	47,030,064
Fees and Charges	18,711,136
Miscellaneous Operating Income	43,842,955

Total Revenue **\$ 177,620,853**

Interest Expense

Dividend Expense	12,369,432
Interest Expense	15,080

Total Interest Expense **\$ 12,384,512**

Operating Expense

Employee Compensation and Benefits	\$ 44,740,696
Education and Development	485,679
Office Occupancy Expense	5,027,223
Office Operations Expense	16,940,979
Educational/Promotional	5,845,550
Loan Servicing Expense	20,052,454
Professional and Outside Services	11,316,618
Provision for Loan Losses	6,539,817
Miscellaneous Expense	592,804
Sundry Expense	3,071,454

Total Operating Expense **\$ 114,613,274**

Net Income **\$ 50,623,067**

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.

William Clark

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 8:30 a.m. to 4:30 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
Porterville	

EECU Size Ranking (by assets)

As of December 31, 2022

Central San Joaquin Valley	1
California	14
United States	80

Board of Directors

Walter A. Franzell, Chair
Ali Nekumanesh, Vice Chair
Lisa Cutts, Treasurer
Rick Browning
Phil Neufeld
David A. Roberts
Derek Scharton
Mike Snell

Supervisory Committee

William Clark, Chair
Brad Stevens, Secretary
Saeng Bunsy
Nikolaus De Jong
Kathryn Ortega-Jones