



# 2020 Annual Report



## Chairman's Message

The Credit Union has faced many challenges in our 85 year history and 2020 was no exception. The global pandemic and economic recession disrupted our traditional way of doing business, but it also presented opportunities to assist our members during a turbulent time.

Our focus last year was to assist our members in any way we could, and in the safest way possible. We established physical safety measures following CDC guidelines to ensure the environment in our branch and loan department were safe for both members and our staff. By June, it became obvious that there would be some considerable financial impacts and we began deferring loan payments to help impacted members. I'm happy to report that despite these impacts, the Credit Union has sustained no significant loan losses and members who received some relief through deferred loan payments are now paying. We will continue to work with any member who has been financially impacted by this awful situation.

Like our members, Americans are resilient and we look forward to a day when the vast majority of the population are protected and we can resume in-person annual meetings, learning events and our annual Member Appreciation Picnic. Until then, I'd like to brief you on some of the progress the Credit Union has made despite the interruption of a pandemic.

Last year was an historic year for home refinancing, as interest rates fell to historic lows. For fiscal year 2020, the Credit Union originated over \$28 million in real estate loans as members took advantage of these low rates.

Technology has made a big difference for the Credit Union during this health crisis and we were pleased to see our investments in new technological platforms pay off. Not only were more loans generated through online applications, but more traditional banking services were conducted electronically.

The pandemic also caused an increase in plastic card usage and we are pleased to be able to offer a low-cost, no-frills credit card later this summer. It is clear that plastic cards were an essential part of survival during a time when we were all ordering everything online. We are currently establishing parameters and setting up our system to accommodate the cards and we hope that you will be pleased with this new product.

We will begin looking at Home Equity Lines of Credit. Many of you would like access to the equity in your homes to make improvements, send the kids to college, or take a much deserved vacation. More on that will be announced in the coming year.

In the meantime, and on behalf of the Credit Union and its Board of Directors, we would like to thank you for your continuing loyalty and look forward to helping you emerge from the challenges we face today. The Credit Union is becoming a stronger and more flexible financial institution because we've met our challenges head on and we hope that you will continue to recognize that we will always be here for you.

*Terry Evans*  
*Chairman of the Board*

## Treasurer's Report

During 2020, the Credit Union saw a large increase in assets. Our balance sheet grew from \$298 million at December 31, 2019 to \$321 million at December 31, 2020 or almost 8%. This growth was consistent with the rest of the industry, both credit unions and banks. It appears that the economic shutdowns throughout the country during 2020 left consumers with little to do with their disposable income.

As our members know, along with the pandemic came historically low interest rates that kept our mortgage department busy. During the year, we originated almost double our originations in 2019 and, despite stretching our staff's capacity, we were happy to help our members buy their first home or lower their monthly mortgage payments.

Lower rates have also meant lower dividends but we believe we have remained competitive during this extraordinary period. Our goal at the beginning of the pandemic was not to retain earnings, but to pay a competitive dividend and work with borrowers to either maintain their credit or help them to successfully apply for loans. We believe we accomplished this and will continue to work with any member who is not achieving their financial goals.

The Credit Union's financial strength has also been in our expense structure. We are thrifty and the pandemic had little to no impact on our operations. Our expenses, as a percentage of our assets, were 1.32 percent, while our peers spent 2.85% of their assets. Despite the turbulence of 2020, we remain committed to making responsible decisions about the funds our members entrust to us.

We expect 2021 to be another financially challenging year for the Credit Union. We will do all we can to assist members who find themselves still needing jobs or credit, while returning as much as we reasonably can to our depositors. Our business model of putting member needs first has fueled our success for 85 years and we will continue to rely on that priority as we recover from the one of the most tumultuous years in our history.

*Paul Fujita*  
*Secretary/Treasurer*

## Supervisory Committee Report

The Supervisory Committee is of vital importance to the healthy operation of the Credit Union. It is the Committee's responsibility to ensure that the Credit Union operates with sound internal controls, maintains records which accurately account for the Credit Union's assets, and adheres to practices that will safeguard those assets. These responsibilities are carried out by:

- Conducting periodic audits and reviews of the Credit Union's records and processes;
- Contracting for a financial statement audit at least annually; and
- Conducting annual member account verifications.

The annual financial statement audit of the Credit Union was completed as of December 31, 2020 by the Certified Public Accounting firm of Turner, Warren, Hwang & Conrad, AC. The audit report, issued directly to the Supervisory Committee and reported to the Board of Directors, did not identify any areas of material concern. The Supervisory Committee believes that the Credit Union is a financially sound institution that will continue to provide outstanding service to each member. Your input is vital to fulfilling the Supervisory Committee's roles and responsibilities, so if you should have any concerns with respect to a discrepancy, please contact the Committee via mail at 2801 Temple Ave., Signal Hill 90755, or e-mail (lbcefcusupervisory@gmail.com).

*Ed Nelson*

*Chairman of the Supervisory Committee*

### STATEMENT OF FINANCIAL CONDITION

	2020	2019
Cash	\$ 48,164,739	\$ 29,694,766
Investments	161,132,178	163,349,377
Loan to Members (Net)	93,525,936	91,333,002
Building & Equipment (Net)	2,945,691	3,223,016
Other Assets	15,536,634	10,100,032
<b>Total Assets</b>	<b><u>\$321,305,178</u></b>	<b><u>\$ 297,700,193</u></b>

### LIABILITIES & MEMBERS' EQUITY

	2020	2019
Other Liabilities	\$330,790	\$337,765
Members' Shares	287,963,367	264,787,376
Total Liabilities	288,294,157	265,125,141
Regular Reserve	20,000,000	20,000,000
Undivided Earnings	16,354,961	16,021,835
Accumulated Other Comprehensive Income	(3,343,940)	(3,446,783)
<b>Total Members' Equity</b>	<b>33,011,021</b>	<b>32,575,052</b>
<b>Total Liabilities &amp; Members' Equity</b>	<b><u>\$321,305,178</u></b>	<b><u>\$297,700,193</u></b>

### STATEMENT OF INCOME & EXPENSE

	2020	2019
Interest Income	\$6,107,357	\$7,460,518
Dividends Paid on Shares	(1,739,675)	(2,392,432)
<b>Net Interest Income</b>	<b>4,367,682</b>	<b>5,068,086</b>
Provision for Loan Losses	(20,861)	85,000
Non-Interest Income	607,898	628,944
Non-Interest Expense	(4,600,731)	(4,371,819)
<b>Net Income</b>	<b><u>\$353,988</u></b>	<b><u>\$1,410,211</u></b>



# Highlights of 2020



Funded  
**\$8.9 million** in  
consumer loans.



Funded **\$28 million**  
in real estate loans.



Hosted **286 members**  
in virtual workshops  
for Living Trust and  
Estate Planning.



Processed **807,612**  
debit card  
transactions  
for a total of  
**\$54,424,707.**

## Board of Directors

Terry Evans, Chairman of the Board  
Pat Burns, Vice Chairman  
Paul Fujita, Secretary/Treasurer  
Jeff Evans, Director  
Sam Joumblat, Director  
Amy Manning, Director  
Julissa Jose-Murray, Director  
Beverly Bartlow-Nieves, Director  
Malcolm Oscarson, Director

## Supervisory Committee

Ed Nelson, Chairman  
Alan Kosoff, Vice Chairman  
Ana DeAnda  
Brandon Walker  
Robert Woods  
Matt Heady, Advisory Member  
Ken Roberts, Advisory Member  
Rachel Rock, Advisory Member

## Management Staff

Kathleen O'Connell, CEO  
Denise Belland, Chief Lending Officer  
Autumn Hoffman, Chief Information Officer  
Michele Megill, Chief Operations Officer  
Lisa Hess, Branch Manager  
Nancy Samarin, Manager of Administration  
Mike Spray, Manager of Information Systems and Facilities  
Ricky Tse, Senior Systems and Network Manager

**Long Beach City Employees Federal Credit Union**

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