



2022 Annual Report



Chairman's Message

In 1936, seven years after the stock market crash that led to the Great Depression, and two years after President Franklin Delano Roosevelt signed the Federal Credit Union Act, seven employees of the City of Long Beach deposited \$5.00 each to capitalize the Long Beach City Employees Federal Credit Union. Over the next 86 years, the Credit Union has grown from seven members to over 9,700 and deposits have grown from \$35.00 to \$287 million. That's not inflation—\$35.00 in 1936 is equivalent to only about \$758.00 today. It's not population—the City had about 140,000 residents in the 1930s compared to today's 470,000. So it must be, in part, reputation. We believe that a big part of our growth and success is attributable to you, our members, who have placed your trust in us and encouraged your families and co-workers to become members. Thank you for your support, loyalty and referrals.

We hope to remain worthy of your business as we navigate the future. Our employees, management team and Board of Directors focus on our future using a strategic plan that is updated annually. The Plan includes a combination of product and service objectives, financial strategies and member experience goals.

In the products and services column, we were pleased to launch our new online loan application system that has transformed the process. Applying online for a car or signature loan now takes just minutes. If we learned anything during the pandemic, it is expectations surrounding technology are accelerating. We're going to do all we can to keep pace. In 2022 we also launched our "Simply Better" auto refinance program which has led to a 34% increase in car loans on our books and certainly plenty of savings for our members.

As many of you know, financial institutions started feeling the pressure of rising interest rates in 2022, so management and the Board paid particular attention to financial strategies during planning exercises. The strategies, in a nutshell, were to stay the course and look for opportunities to capitalize on higher rates. The Board and management have consistently maintained a conservative approach to Credit Union finances, building a net worth cushion that will allow us to withstand any harsh market conditions. We will maintain that conservatism throughout what lies ahead.

Finally, our membership experience goals included a push to see our members again and welcome new ones! While we have continued our online education courses, we have made big inroads in in-person education, workshops and new employee events. We are 87 years old so we know and enjoy our banking business, but the one thing more rewarding than running a successful business is knowing our customers and helping them navigate their financial lives. As Chairman, I would like to sincerely thank all of you for staying the course with us, and for your continued support of the Long Beach City Employees Federal Credit Union.

Pat Burns

Chairman of the Board of Directors

Supervisory Committee Report

The Supervisory Committee is vital to the healthy operation of any credit union. It is the Committee's responsibility to ensure that the Credit Union operates with sound internal controls, maintains records that 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 an annual independent financial statement audit; and
- Conducting annual member account verifications.

Treasurer's Report

I am pleased to present the financial report for the fiscal year ended December 31, 2022. The year, and months since, have seen financial turbulence that undoubtedly has caused some consumer concern so it is important that I start by reporting that your Credit Union will weather this storm with only minor impacts. We have been, and will continue to be, financially safe and sound.

We ended the year with total assets of \$310.2 million. This included \$104.2 million in loans and \$179.4 million in investments. Loans grew \$12.1 million, or 13.2%, during the year. As interest rates have risen, so has the yield on the loan portfolio so this growth has been welcomed. Investments and cash decreased by \$36.1 million and provided the source of funding for these new loans and for share withdrawals.

Liabilities included \$286.7 million of member shares. Shares decreased \$13.2 million during the year, a trend seen throughout the industry. The cash infusions of pandemic stimulus grew the balance sheets of most financial institutions but we are now seeing a reversal, particularly as inflation eats away at consumers' budgets and reserves.

The Credit Union finished the year with a net income of \$471,157. Net interest income, or interest income after dividends and provisions for loan losses, was \$4.3 million, up \$206,000 from the prior year. Non-interest income was \$697,000, relatively unchanged from the prior year. Expenses for the year totaled \$4.5 million, up from \$3.9 million the prior year. The difference of \$600,000 can be largely attributed to the effects of a 2021 Employee Retention Credit. Under the CARES Act of 2020, the Credit Union received over \$400,000 in salary reimbursements in 2021 because it retained its employees throughout the pandemic.

The Credit Union's net worth on December 21, 2022 was \$37.7 million. As a percentage of assets, net worth was a healthy 12.14%, exceeding our peers' average of 10.9%. Net worth is an important measure of the Credit Union's financial strength and stability as it provides a cushion against potential losses and helps ensure that the Credit Union can meet its obligations to our members by providing loans and paying dividends.

Three months ago, in January of this year, the National Credit Union Administration, the Credit Union's regulator and insurer, conducted an examination of the Credit Union and again concluded that the Credit Union is fundamentally sound. They found net worth to be sufficient to provide the flexibility to withstand business and economic fluctuations and that risk management practices are satisfactory. We believe, based on the results of this examination, that the Credit Union is living up to its traditional values of conservatism and safety.

Jeff Evans

Secretary/Treasurer

The annual financial statement audit of the Credit Union was completed as of December 31, 2022 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 our members. Your input is vital in fulfilling the Supervisory Committee's responsibilities, so if you should have any concerns with respect to a discrepancy, please contact the Committee via mail at 2801 Temple Avenue, Signal Hill, CA 90755, or email: lbcefcusupervisory@gmail.com.

Alan Kosoff

Chairman of the Supervisory Committee

STATEMENTS OF FINANCIAL CONDITION

ASSETS	2022	2021
Cash and Cash Equivalents	\$7,115,836	\$ 45,865,688
Investments	180,262,896	177,600,071
Loans to Members (Net)	104,154,815	92,070,540
Buildings and Equipment (Net)	2,508,209	2,776,835
Other Assets	16,185,398	19,700,705
Total Assets	\$310,227,154	\$ 338,013,839
LIABILITIES & MEMBERS' EQUITY		
Liabilities		
Members' Shares	\$286,717,635	\$299,923,432
Accrued Expenses and Other Liabilities	889,700	5,722,165
Total Liabilities	287,607,335	305,645,597
Members' Equity		
Regular Reserves	20,000,000	20,000,000
Undivided Earnings	17,665,601	17,194,445
Accumulated Other Comprehensive Income	(15,045,782)	(4,826,203)
Total Members' Equity	22,619,819	32,368,242
Total Liabilities & Members' Equity	\$310,227,154	\$ 338,013,839

STATEMENTS OF INCOME & EXPENSE

	2022	2021
Interest Income	\$5,373,229	\$ 4,805,758
Dividends Paid on Shares	(1,081,655)	(757,187)
Provision for Loan Losses	(36,942)	-
Net Interest Income	4,254,632	4,048,571
Non-Interest Income	696,673	704,268
Non-Interest Expense	(4,480,148)	(3,913,356)
Net Income	\$471,157	\$ 839,483

The financial statements of the Long Beach City Employees Federal Credit Union (Credit Union) are a partial presentation of the financial position and results of operations of the Credit Union as of and for the year ended December 31, 2022. Accordingly, such information should be read in conjunction with the Credit Union's audited financial statements for the year ended December 31, 2022, from which this selected information has been derived. The Credit Union's full disclosure financial statements have been audited by Certified Public Accountants, Turner, Warren, Hwang & Conrad, for which unqualified opinion was rendered on April 27, 2023. The audited financial statements, including auditors' report and notes to the financial statements will be provided upon request.

CU Highlights of 2022



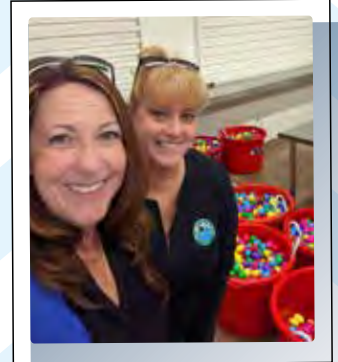
Provided City Departments with financial education opportunities.



Member Scott Schroyer won our 2022 Member Appreciation Day raffle!



We supported the Long Beach Animal Care Services Team by fulfilling their "wishlist."



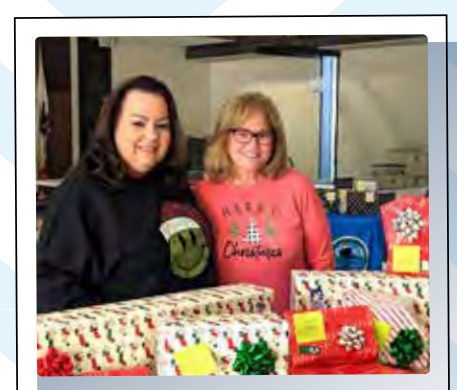
We always love assisting the Police Officers Association with their Easter Egg Hunt and Golf Tournament!



We can be seen helping various Long Beach City Employee organizations with their social events around town.



We helped in the Parks, Rec and Marine's annual employee picnic by providing lunch and raffle prizes!



We wrapped over 1,000 gifts for our members and City employees during our annual Holiday Gift Wrap.

Board of Directors

Pat Burns, Chairman of the Board
Beverly Bartlow-Nieves, Vice Chairman
Jeff Evans, Secretary/Treasurer
Malcolm Oscarson, Director
Ana DeAnda, Director
Rachel Rock, Director
Brandon Walker, Director

Supervisory Committee

Alan Kosoff, Chairman
Ed Nelson, Vice Chairman
Matt Heady
Aida Honey
Omar Ramos
Rocio Pflingsthorn, Advisory Member
Robert Pflingsthorn, Advisory Member
Jocelyn Giron, Advisory Member

Management Staff

Kathleen O'Connell, Chief Executive Officer
Michele Megill, Chief Operations Officer
Ricky Tse, Chief Technology Officer
Lisa Hess, Branch Manager
Nancy Samarin, Controller
Jose Sanchez Jr., Senior Lending Manager
Mike Spray, Manager of Information Systems and Facilities



Long Beach City Employees Federal Credit Union

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