



2023 Annual Report



Chairman's Message

Long Beach City Employees Federal Credit Union exists for one reason and that is to make a positive difference in the lives of our members. To make that difference, we challenge ourselves to continually improve your experience and we were hard at work doing that in 2023.

Throughout the year, our primary focus was launching a person-to-person, account-to-account, digital service called PaymentZ. We "soft launched" the service on December 1, 2023 and were surprised by the number of members who simply found it by logging into online banking and then started transacting business. We have since advertised PaymentZ and as of March 31, 2024, almost 1,300 of our 9,700 members have registered to use it. If you need help getting up to speed on PaymentZ, please visit our website for tutorial videos.

We know the speed at which technology is changing our world. Brick and mortar is still very important for credit unions who want to have trusted relationships with member-owners, but we also know that members might want to reach us at midnight so we are doing our best to find cost-effective solutions for this type of access. In September 2023, we launched an online membership application on our website so that eligible individuals can skip the commute to the branch. We will continue to look for opportunities to make your Credit Union more convenient.

Another priority in 2023 was member education because we recognize the importance of financial literacy among our members and especially our youth. We held dozens of workshops on everything from improving credit scores to identity theft to the benefits of creating a trust. We also now partner with Scholarshare, a large investment company chaired by the California State Treasurer. Scholarshare administers 529 Plans, accounts designed to help families pay for future expenses associated with college or other qualified educational expenses, all while saving on taxes.

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 support members, both borrowers and depositors. 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 these harsh market conditions. We will maintain that conservatism throughout what lies ahead.

Thank you for the trust you have put in us and the purpose you have given us.

Beverly Bartlow-Nieves

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 a annual independent financial statement audit; and
- Conducting annual member account verifications.

Treasurer's Report

2023 proved to be a very challenging year for the financial services industry with stubbornly high inflation countered by the Fed's dramatic increases in interest rates. Over the last year, the Credit Union has worked hard to keep the focus squarely on member service while managing an environment of rising operating costs.

We ended the year with total assets of \$284.4 million, down from the prior year's \$310.2 million. Total assets included \$114.1 million in loans and \$148.5 million in investments. Loans grew \$10 million, or 9.6%, during the year.

Liabilities included \$253.2 million of member shares. Shares decreased \$33.5 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 throughout the year, these funds have evaporated as inflation eats away at consumers' buying power.

The Credit Union finished the year with a net loss of \$735,393 resulting from weakened liquidity. The Credit Union borrowed funds to meet loan demand and member share withdrawals, paying \$169,941 in interest. The Credit Union also sold \$28.5 million of investments for a loss of \$381,657. As of this writing, liquidity concerns are waning, as over \$80 million of investments will mature before the end of 2025.

The Credit Union's net worth at December 31, 2023 was \$36.9 million. As a percentage of assets, net worth was a healthy 12.97%, exceeding our peers' average of 11.55%. 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 members by providing loans and paying dividends.

The Board of Directors, management and all of the Credit Union's team members remain committed to the safety and soundness of this institution and will continue to do so for you, our member-owners.

Jeff Evans

Secretary/Treasurer

The annual financial statement audit of the Credit Union was completed as of December 31, 2023 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

Ed Nelson

Chairman of the Supervisory Committee

STATEMENTS OF FINANCIAL CONDITION

ASSETS	2023	2022
Cash and Cash Equivalents	\$1,571,704	\$7,115,836
Investments	148,509,937	180,262,896
Loans to Members (Net)	114,146,644	104,154,815
Buildings and Equipment (Net)	2,246,879	2,508,209
Other Assets	17,887,763	16,185,398
Total Assets	\$284,362,927	\$310,227,154
LIABILITIES & MEMBERS' EQUITY		
Liabilities		
Members' Shares	\$253,211,637	\$286,717,635
Accrued Expenses and Other Liabilities	7,383,730	889,700
Total Liabilities	260,595,367	287,607,335
Members' Equity		
Regular Reserves	20,000,000	20,000,000
Undivided Earnings	16,893,075	17,665,601
Accumulated Other Comprehensive Income	(13,125,515)	(15,045,782)
Total Liabilities & Members' Equity	\$284,362,927	\$310,227,154

STATEMENTS OF INCOME & EXPENSE

	2023	2022
Interest Income	\$5,867,693	\$5,373,229
Dividends Paid on Shares	(2,040,345)	(1,081,655)
Interest on Borrowed Funds	(169,941)	-
Net Interest Income	3,657,407	4,291,574
Provision for Loan Losses	(44,585)	(36,942)
Net Interest Income after Provision	3,612,822	4,254,632
Non-Interest Income	701,162	696,673
Loss on Sale of Investments	(381,657)	-
Other Non-Interest Expense	(4,666,720)	(4,480,148)
Net Income	\$(734,393)	\$471,157

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, 2023. Accordingly, such information should be read in conjunction with the Credit Union's audited financial statements, 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 an unqualified opinion was rendered. The audited financial statements, including auditors' report and notes to the financial statements will be provided upon request.

CU Highlights of 2023

In 2023 the CU Crew focused on seeking opportunities to create new relationships with employee groups and strengthen relationships with existing members. We continued to provide our members with financial education opportunities through additional web-based resources like valuable workshops and in-person training.

Barbara Alhadeff was the Grand Prize winner at our annual Member Appreciation Day and Annual Meeting, held on May 3rd, 2023. Congratulations!

We helped the Long Beach Fleet Services team collect donations for their participation in the Food Finders "Summer to End Hunger" fundraising campaign.

We attended the annual Public Works breakfast and contributed to the event with raffle prizes and a special gift.

We partnered with the Long Beach Police Department Senior Police Partners to collect toys and other necessities for families in need. All of the volunteers worked diligently to fulfill wish lists. The CU Crew was honored to participate in this worthwhile activity!



The LBPDP invited us to present a budgetary workshop to their current LBPDP Explorers. These young men and women worked diligently to balance their budgets in this "real-life scenario" exercise! Very impressed with these future leaders!



The Blackston Family were the winners of our April 2023 Youth Month grand prize! Their family enjoyed a year-long membership to the Long Beach Aquarium of the Pacific.



We brought our team to the annual PRM-Employee Recognition Committee to help celebrate employees and recognize those who have achieved years of service milestones!

Board of Directors

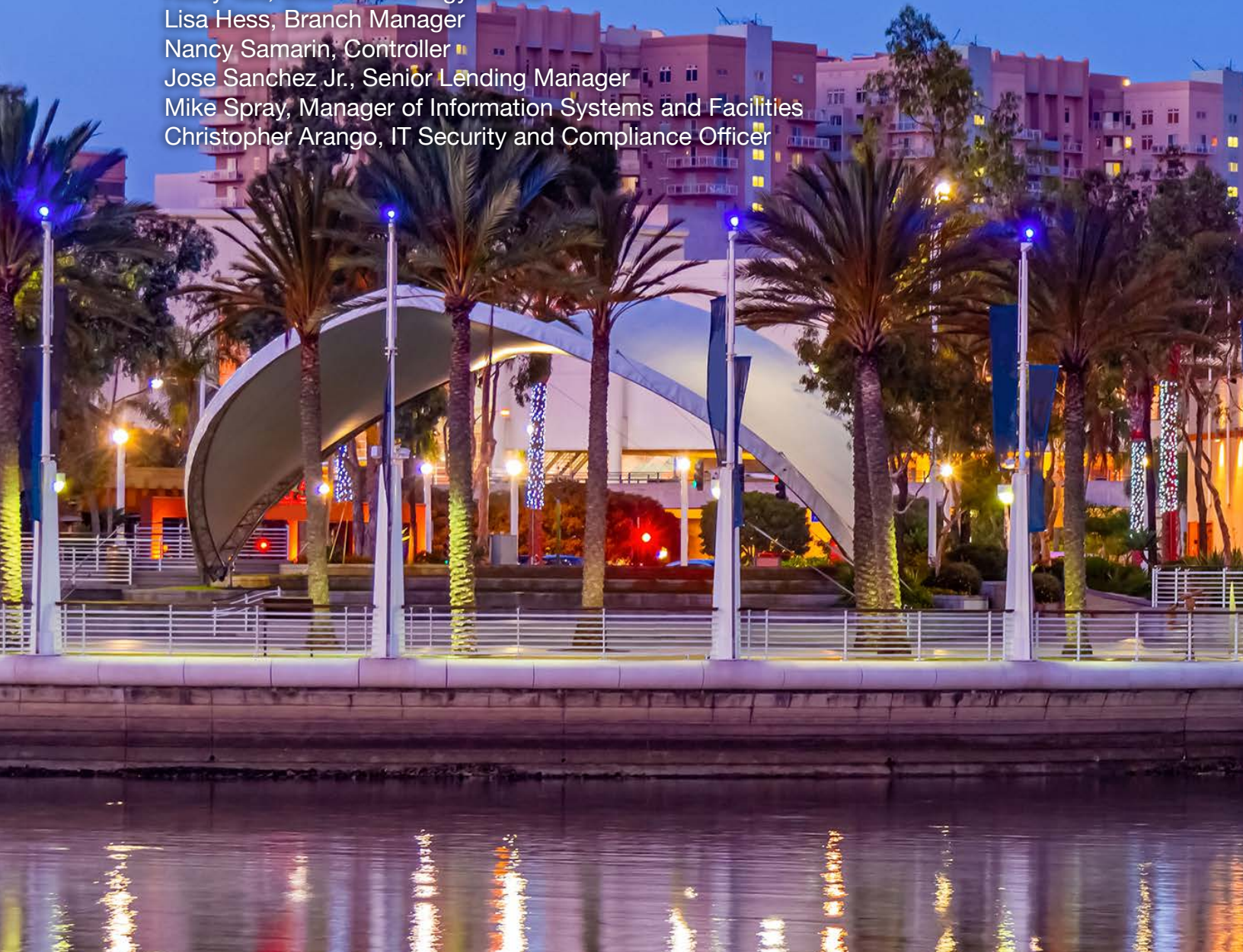
Beverly Bartlow-Nieves, Chairman
Pat Burns, Vice Chairman
Jeff Evans, Secretary/Treasurer
Malcolm Oscarson, Director
Ana DeAnda, Director
Brandon Walker, Director
Rachel Rock, Director

Supervisory Committee

Ed Nelson, Chairman
Aida Honey, Vice Chairman
Alan Kosoff
Matt Heady
Omar Ramos
Rocio Pfingsthorn, Advisory Member
Robert Pfingsthorn, 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
Christopher Arango, IT Security and Compliance Officer



Long Beach City Employees Federal Credit Union

2801 Temple Avenue, Signal Hill, CA 90755

562.595.4725 www.lbcefcu.org