



2024 Annual Report



Chairman's Message

It is again my pleasure to provide the Chairman's Report for members of the Long Beach City Employees Federal Credit Union, especially this year, as we turn the corner on issues associated with rising interest rates over the last two years. I'm happy to report that after a couple of years of losses, we expect to see positive earnings in 2025 and beyond.

We are also very pleased with the engagement we had with our members during the year. While many businesses have yet to return to full pre-pandemic order, we are out in the field regularly, interacting with our field of membership. During the year we participated in 17 City events such as the Public Works Week celebration, the Police Officers Association's golf tournament and their Easter egg hunt, the Parks Recreation & Marine employee picnic, and our much welcomed holiday gift wrap stations. We were also fortunate to provide new City employees with an overview of our products and services at 12 New Employee Orientations. We know that outreach in the early years of an employee's career can create the loyalty and trust that has kept so many of you doing business with the Credit Union all of these years.

Understandably, some of our members enjoy the convenience of online service so we were pleased to be able to host 18 online educational workshops. These workshops are not intended to promote our products but to educate members on the financial and tax ramifications of their decisions. For example, we know that members want to understand family trusts so we asked a trust attorney to explain the benefits. Some members are unaware of the tax benefits of saving for their children's education in a 529 plan so we found experts in that, too. And we are often asked by members about how they can improve their credit score so we have hosted workshops to explain how credit scores are derived and what can be done to improve them.

On the product side of our business, we have been pleased to see robust adoption of our PaymentZ service. Members can now easily, and SAFELY, transfer funds to others or an external account. In a month or so, we will be launching a new "SIMPLE" credit card. While our existing "CLASSIC" card has been very successful, it is time to introduce a card that behaves more like other credit cards except at much lower rates. We are also starting our analysis of what it would take to launch a revolving home equity line of credit because we know that our borrowers' home equity, especially in California, continues to grow and many would like to tap into that. We will keep you posted in the quarterly newsletter.

In the meantime, thank you for your continued trust in 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 an annual independent financial statement audit; and
- Conducting annual member account verifications.

Treasurer's Report

At December 31, 2024, the Credit Union's total assets stood at \$277.5 million, down from the prior year's \$284.4 million. The decline in total assets was primarily due to the maturity of investments and the accompanying withdrawal of shares. Total assets included \$117.0 million in loans and \$139.2 million in investments. Loans grew \$2.9 million, or 2.5%, during the year. While this may seem lackluster, with interest rates staying higher-for-longer, we were fortunate to see growth during the year. In the first quarter of 2025, total loans have increased an additional \$1.7 million, most being real estate loans. It seems consumers may have abandoned any hope that rates would drop quickly in the new year and moved forward with their plans to buy or refinance their homes.

The Credit Union finished the year with a net loss of \$483,631 resulting from weakened liquidity. We borrowed funds to meet loan demand and member share withdrawals, paying \$480,543 in interest. As of March 31, 2025, however, the Credit Union is liquid once again and on course to see net income for the year. Approximately \$76 million of investments earning 0.74% at year end will reprice in the new year to rates well above that.

The Credit Union's net worth at December 31, 2024 was \$36.4 million. As a percentage of assets, net worth was a healthy 13.12%, exceeding our peers' average of 11.92%. 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, 2024 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	2024	2023
Cash and Cash Equivalents	\$621,303	\$1,571,704
Investments	139,228,329	148,509,937
Loans to Members (Net)	117,023,446	114,146,644
Buildings and Equipment (Net)	2,035,812	2,246,879
Other Assets	18,630,935	17,887,763
Total Assets	<u>277,539,825</u>	<u>\$284,362,927</u>
LIABILITIES & MEMBERS' EQUITY		
Liabilities		
Members' Shares	\$236,629,188	\$253,211,637
Accrued Expenses and Other Liabilities	11,444,140	7,383,730
Total Liabilities	248,073,328	260,595,367
Members' Equity		
Undivided Earnings	\$36,409,443	36,893,075
Accumulated Other Comprehensive Income	(6,942,946)	(13,125,515)
Total Liabilities & Members' Equity	<u>\$277,539,825</u>	<u>\$284,362,927</u>

STATEMENTS OF INCOME & EXPENSE

	2024	2023
Interest Income	\$6,262,892	\$5,867,693
Dividends Paid on Shares	(1,876,058)	(2,040,345)
Interest on Borrowed Funds	(480,543)	(169,941)
Net Interest Income	<u>3,906,291</u>	<u>3,657,407</u>
Provision for Loan Losses	(47,305)	(44,585)
Net Interest Income after Provision	<u>3,858,986</u>	<u>3,612,822</u>
Non-Interest Income	669,675	701,162
Loss on Sale of Investments	(117,345)	(381,657)
Other Non-Interest Expense	(4,894,947)	(4,666,720)
Net Income	<u>\$(483,631)</u>	<u>\$(734,393)</u>

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, 2024. 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 2024

In 2024 the CU Crew focused on 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.



We celebrated our City employees during Public Service Week with a cool popsicle treat handed out by the Deputy City Managers at City Hall.



We brought out our team, along with ScholarShare to the annual Parks, Recreation, Marine and Animal Care Services ERC picnic!



The City of Long Beach Fleet Services Team held their annual Employee Recognition Car Show event. We attended and talked to City employees about the benefits of the Credit Union. These are the people who keep the City moving!



The Public Works Department invited us to their annual Public Works breakfast—an example of another very loyal group of employees who work hard and count on our services!



We worked with the LBPOA to promote the Pink Patch Project in October. The proceeds from the donations for the memorabilia went to the MemorialCare Todd Cancer Institute.



Member Appreciation Day is always a fantastic event! Our Members' loyalty to the Credit Union is appreciated and celebrated!

Board of Directors

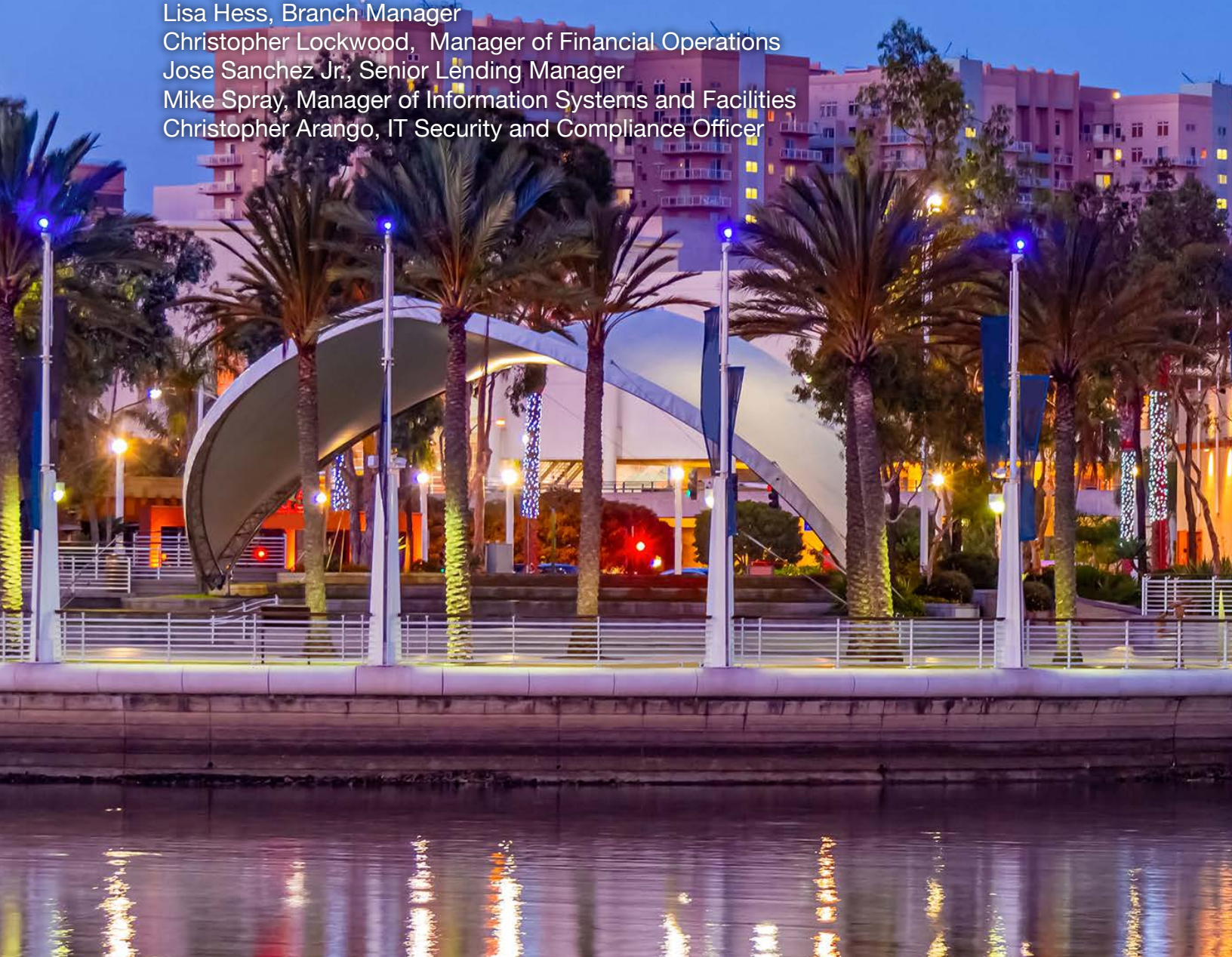
Beverly Bartlow-Nieves, Chairman of the Board
Pat Burns, Vice Chairman
Jeff Evans, Secretary/Treasurer
Malcolm Oscarson, Director
Ana DeAnda, Director
Brandon Walker, Director
Rachel Rock, Director

Supervisory Committee

Alan Kosoff, Chairman
Aida Honey, Vice Chairman
Ed Nelson
Matt Heady
Omar Ramos
Robert Pfingsthorn
Heather Hamilton, Advisory Member
Jared McIntosh, Advisory Member

Management Staff

Kathleen O'Connell, Chief Executive Officer
Michele Megill, Chief Operations Officer
Ricky Tse, Chief Information Officer
Lisa Hess, Branch Manager
Christopher Lockwood, Manager of Financial Operations
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