



**Cal State LA
Federal Credit Union**

Annual Report 2018

Federally Insured By NCUA.

Equal Housing Lender.



Cal State L.A. Federal Credit Union

www.calstatela-fcu.org

Chair's Report

It has been a privilege to serve our members as Chair of the Board of Directors during this past year and a pleasure to be part of the team entrusted to protect your interests. Credit unions are owned and operated by the people they serve – one of many features that makes us different from other financial institutions. The primary focus of a credit union is always to meet the financial needs of the membership, while providing quality service and maintaining the highest levels of fiscal responsibility.

The conversion in March benefitted our members by providing a new and improved Online Banking/Bill Pay, a new and improved Mobile Banking App, a New Telephone Banking System, and an increased Debit Card Security; ability to turn your card off and on via online banking. We will continue to explore ways to improve the quality of our services with future enhancements. We recognize that members are concerned about the security of their information and continue to make this a priority by providing the utmost in security in terms of your personal information, transactions, and assets.

The Credit Union relies heavily on volunteers who are elected by the membership to set direction and policies. The Board of Directors and the Supervisory Committee assume enormous responsibilities and a demanding workload – without any monetary compensation. They do so because they firmly believe that credit unions are the best option in helping our members successfully manage their financial future.

The staff and management team, superbly led by Chief Executive Officer, Ida Chapko, continue to excel in protecting the interests of the membership, and in safeguarding your credit union's assets. I would like to take this opportunity to thank the members of the Board of Directors, the Supervisory Committee, and our extraordinary management and staff for all their diligent work, loyalty, dedication, and integrity. We will continue to do our best to deliver a variety of quality financial services and programs to the members, and to provide them in a way that best meets your needs. We always welcome the input of our membership and urge you to let us know how we are doing.

We appreciate your loyalty as we look ahead to an exciting and successful 2019.

Sylvia Velásquez
Board Chairperson



2019 Annual Meeting

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2019 Annual Meeting

Agenda

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3. People Helping People Presentation
4. Call to Order
5. Minutes of the Annual Meeting 2018
6. Treasurer’s Report—Financial Statement
7. Supervisory Committee Report
8. Presentation of Candidates
9. Election
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CEO's Report

It is my pleasure to report a successful year for the Credit Union, supported by a strong financial position and the continued loyalty of our members. We ended 2018 with ROA of 0.92%, net earnings of \$465k, and a regulatory Net Worth of 11.44%, exceeding the National Credit Union Administration's 7.0% requirement to be considered well capitalized. Total assets at year end were \$51.1 million, with an annual growth rate of 2.5%. Our financial strength provides more than safety and soundness. It enables us to support our core beliefs and to invest in the development of products and services to meet the evolving needs of our membership.

Cal State LA Federal Credit Union was founded in 1961, by a group of Cal State LA faculty members who pooled \$2,860 in initial deposits. In the 58 years since those initial deposits, the Credit Union has undergone many changes. We recognize that our members' needs are constantly shifting, and we are committed to evolving with our members to improve our products and services.

There were significant changes to our credit card program during 2018. Credit card processing was shifted to a third-party card processor in preparation for an expanded card program. All credit cards were reissued and migrated to EMV chip technology and there will be future enhancements to the program such as promotional rates and balance transfer promotions.

The major focus for the Credit Union in the latter part of 2018, was preparation for our core software conversion. The conversion occurred over the weekend of March 1, 2019. Changing the Credit Union's core software was a project of massive scope with both internal and external impact. Internally, Credit Union staff worked many hours to validate data, to ensure integration with our many business partners and processors who support the products and services we offer, and to learn the new software. From our members' perspective, the change was immediately apparent in the new Online Banking platform and the new Mobile App. We made every effort to minimize the impact to our members, but with a project of this scope it is realistic to expect some level of data errors. The errors that occurred were identified quickly and immediate action was taken toward resolution.



Changes in our debit card program were scheduled concurrent with the core software conversion. It was our goal to implement EMV chip technology for debit cards effective March 1, 2019, but due to late stage programmatic requirements, this implementation was slightly delayed. The project is ongoing and we are entering the final testing phase prior to implementation.

Our next big project is the renovation of our building on Mariondale Avenue. The building is owned by the Credit Union, and a renovation is needed to maintain our asset and to ensure we have a welcoming environment for our members. The Credit Union will remain open for business during the renovation, with much of the work conducted during evenings and weekends. We hope to break ground no later than summer of 2019.

On behalf of Cal State LA Federal Credit Union, I would like to take this opportunity to extend my sincere gratitude for the continued loyalty and trust of our membership. We will continue to invest in your member experience and are committed to your financial well-being.

Ida Chapko
Chief Executive Officer





Cal State L.A. Federal Credit Union
Minutes of the 2018 Annual Meeting
March 7, 2018

1. Call to Order

The meeting was called to order by Board Chair, Sylvia Velasquez, at 12:13 pm. In accordance with the Credit Union bylaws, Chair Gutierrez declared that a quorum was present.

2. Minutes of the Annual Meeting 2017

A motion was made and seconded to dispense with the reading of the minutes and approve as presented in the Annual Report.

There was a question from the floor regarding when the Credit Union will deploy chip cards. The question was a follow-up from the minutes of the 2016 Annual Meeting. CEO Ida Chapko explained that there will be a mass issue of chip credit cards later this year, and the Credit Union is in the queue of the debit card processor for conversion to chip cards this year.

Motion Passed

3. Treasurer's Report/Financial Statement

A motion was made to accept the Treasurer's report as presented in the Annual Report. M/s/p

4. Supervisory Committee Report

A motion was made to accept the Supervisory Committee Report as presented in the Annual Report. M/s/p



5. Presentation of Candidates

Chair Sylvia Velasquez, also a member of the nominating committee, presented the slate of candidates for two 3-year terms:

Andrew Winnick, incumbent
 Vince Fazzi, incumbent

6. Election

Chair Velasquez declared by acclamation that the two candidates are elected for two 3-year terms.

7. Unfinished Business

There was a question from the floor asking for the name of the core vendor selected by the Credit Union. CEO Ida Chapko responded that the new core will be CMC Flex.

There was a question from the floor asking for the Credit Union's current CAMEL rating. CEO Ida Chapko responded that the NCUA examination was recently completed for period ending 12/31/2017, and the Credit Union's CAMEL rating is 2

8. New Business

Supervisory Chair, Steven Nahabedian, addressed the group and encouraged members of the Credit Union to Volunteer for Supervisory Committee positions.

9. Adjournment

A motion was made to adjourn the meeting M/s/p The meeting was adjourned at 12:21 pm.



Treasurer's Report

CAL STATE L.A. FEDERAL CREDIT UNION	
Consolidated Statement of Financial Condition as of 12/31/2018 (unaudited)	
ASSETS	
TOTAL LOANS	38,150,637
ALLOWANCE FOR LOAN LOSS	-209,742
ACCOUNTS RECEIVABLE	548,946
CASH ON HAND	625,510
INVESTMENTS	10,205,396
NET LAND/BUILDING	783,506
OTHER ASSETS	989,530
TOTAL ASSETS	51,093,783
LIABILITIES	
ACCOUNTS PAYABLE	12,142
ACCRUED EXPENSES	273,729
OTHER LIABILITIES	103,636
TOTAL LIABILITIES	389,507
MEMBER SHARE ACCOUNTS	44,856,617
REGULAR RESERVE	550,174
UNDIVIDED EARNINGS	5,297,485
UNREALIZED GAIN (LOSS)	0
TOTAL EQUITY	50,704,276
TOTAL LIABILITIES & EQUITY	51,093,783
NET WORTH RATIO	11.44%

Supervisory Report

The Supervisory Committee independently evaluates the soundness of Cal State L.A. Federal Credit Union's operations and activities. We ensure that management implements sound internal controls and maintains practices and procedures that adhere to generally accepted accounting principles. In doing so, we carry out the following primary responsibilities:

- Protection of members' funds and interests
- Safeguarding of assets
- Compliance with regulations, policies and procedures
- Reliability of financial records

The Committee meets regularly to review and discuss internal controls and to perform various internal audits. An independent accounting firm is retained to perform an annual financial audit of Cal State L.A. Federal Credit Union, conducted in accordance with standards established by the American Institute of Certified Public Accountants.

Results of the 2017 annual audit performed by Richards & Associates, CPAs, as well as periodic exams conducted by the National Credit Union Administration, indicate that the financial statements present fairly the results of the operations and financial position for the period, and no material weaknesses in internal controls were reported.

Steven Nahabedian
Chairperson

Core Beliefs

We believe in empowering people to achieve and maintain financial health.

We believe that all people have a right of access to quality core financial services.

We believe that people who are financially sound are more productive in both their professional and personal lives.



BOARD OF DIRECTORS

Sylvia Velásquez
Chair

Maria Gutierrez
Vice Chair

Andrew Winnick
Secretary/Treasurer

Vince Fazzi
Director

Steven Nahabedian
Director/Supervisory Committee Chair

SUPERVISORY COMMITTEE

Steven Nahabedian
Chair

Salvador Choto
Member

Oscar Jaimes
Member

Dan Thomas
Member