

# GROWTH

YOLO FEDERAL CREDIT UNION • ANNUAL REPORT 2016



**Yolo Federal Credit Union**<sup>®</sup>

*Discover the Local Difference!*<sup>®</sup>

## President's Report

Yolo Federal Credit Union continues to be a financially strong financial cooperative. Our unwavering focus on service to our members, investment in our community, and living our mission resulted in another great year of growth and evolution.

A groundbreaking ceremony in Winters took place in February and our newest branch, located at 168 East Grant Avenue, celebrated its grand opening on November 14th. In our continuing efforts to help members save money, we established and opened our own insurance agency, Yolo Community Insurance Services, LLC, which officially opened for business on November 8th. Our wealth management services department gained a tremendously talented financial advisor who is available to meet in any branch to help our members in building a nest egg, preparing for future educational expenses for their children, or planning for retirement.

Over 2016, our total assets increased by \$22.1 million, our net worth ratio stood at 10.31% at year end, and our loan portfolio grew by 16.8% which is a testament to our dedicated employees and our commitment to serving our members. Total membership also increased by 678 net new members; the largest single-year membership growth in our history.

We are very thankful for our successes and for the valuable impact they are having on our members and community. We remain focused on our mission and motivated to demonstrate why Yolo Federal Credit Union is consistently voted the best financial institution in the county. Our achievements have built tremendous momentum for the year ahead and we look forward to serving you in 2017.



Jenee Rawlings  
President/CEO

### BOARD OF DIRECTORS

William Schemel, Chairman  
Phil Marler, Vice Chairman  
Captane Thomson, Treasurer  
Robyn Rominger, Secretary  
David Thompson, Director  
Byron MacConnell, Director  
Debbie Bruno, Director

### SUPERVISORY COMMITTEE

Floyd McCain, Chairman  
Bernadette Murray  
Shelley Sammut

### SENIOR MANAGEMENT

Jenee Rawlings, President/CEO  
Matt Lane, Chief Financial Officer  
Matt Isika, Vice President Lending  
Stephanie Yates, Vice President Information Systems

## Chairman's Report

Fundamentally, Yolo Federal Credit Union is an organization dedicated to service to its members. Of course, we serve the interests of our member owners primarily by providing quality loans and savings services.

One of our local differences is the way we provide these services. While other financial institutions have been contracting their physical presence in the community, we have been building ours. With the addition of our new branch in Winters, we now have five branch facilities in the County. No other financial institution does. Because much of our growth has been in facilities we actually own, as in building instead of leasing, we were creating local jobs.

As well, we are now providing additional member services by facilitating member investments, and by providing competitive insurance products through our in-house insurance agency.

Through this, we have continued to maintain a high level of safety and security for our members and have continued to grow in assets and in membership.

It is a privilege for each of us on the Board of Directors, and on the Supervisory Committee, to continue to serve you. We take our responsibilities in these challenging times extremely seriously and appreciate the trust and confidence our members have shown us. We are volunteers, and the credit union demonstrates its commitment to community service by actively encouraging our employees to get involved as volunteers in community organizations.

Let's keep it up!

William Schemel  
Chairman

## Supervisory Committee Report

The Supervisory Committee oversees and evaluates the Credit Union policies, makes recommendations to the Board of Directors, reviews operational procedures, investigates member complaints and ensures the safety of member deposits.

The Supervisory Committee contracts with an independent CPA firm to complete the financial audit and account verification on an annual basis. These audits have been completed with no major discrepancies. The Credit Union also employs a Director, Internal Audit/Compliance to perform internal audits and to ensure compliance with federal credit union regulations. This position reports directly to the President/CEO and the Supervisory Committee.

We strive to provide our members with a financially strong Credit Union and a satisfactory place to conduct their financial needs. We look forward to 2017 being a great year for our credit union. Thanks to all our board of directors for their dedication and time that they give to the credit union, and to the employees who provide our members great service with a smile; you are greatly appreciated.

Floyd McCain, Chairman  
Bernadette Murray  
Shelley Sammut

# Annual Report Financials

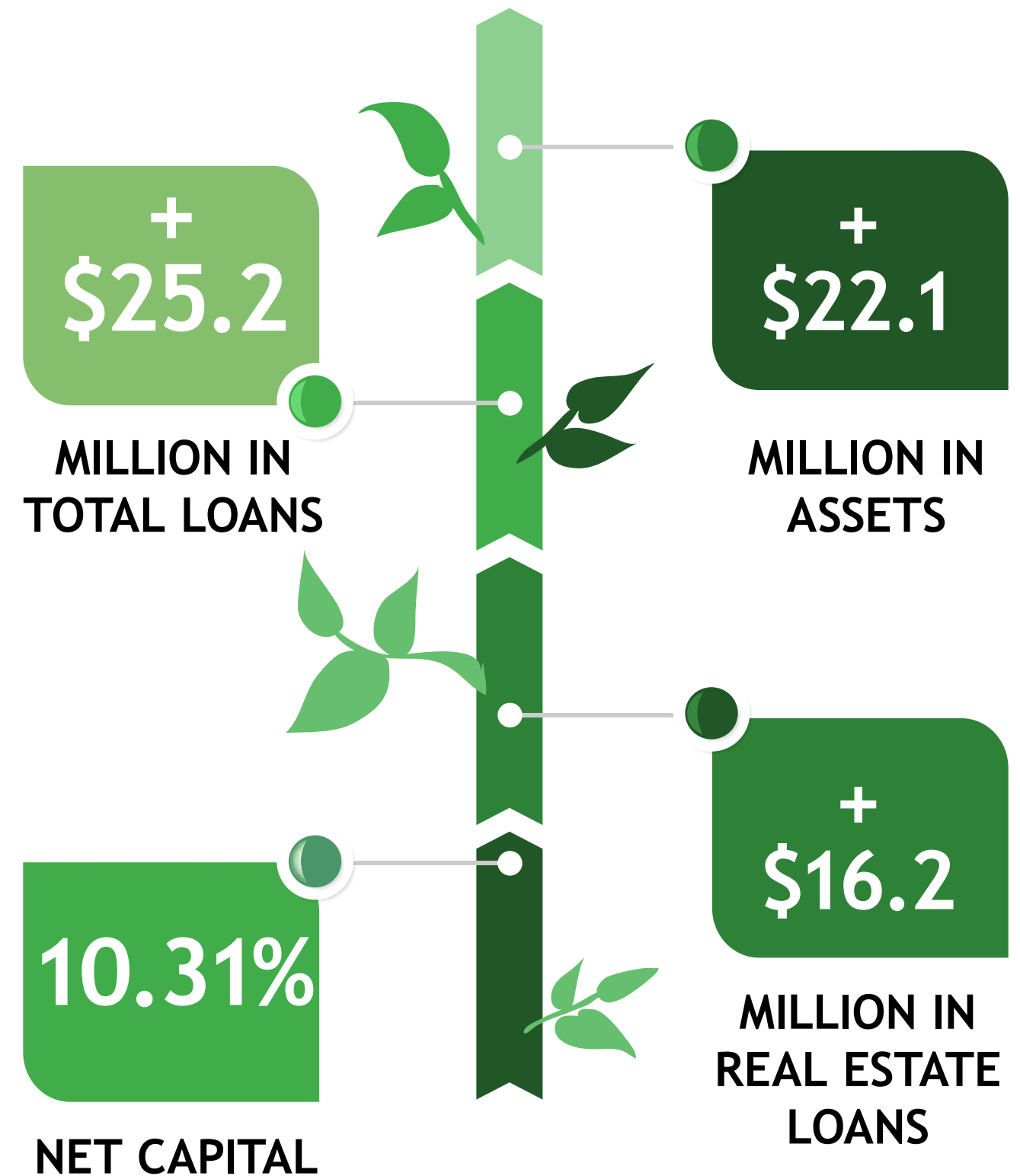
## Treasurer's Report

Growth was prominent in 2016; total assets increased by \$22.1 million for the year, ending at \$264.1 million. Looking back just one decade, our assets were \$162.1 million; that's over \$100 million in growth over the past ten years! Total membership increased this past year by 678 net new members. The combination of asset and member growth shows the value of living out our mission in our local communities and helping members achieve financial success and build wealth.

Gross income grew by 7.5% year-over-year with a majority of growth in interest income. Operating expenses remained manageable with the anticipated increase from the Winters branch. The low rate environment provided little change to the cost of funds; low interest rate accounts grew the most during the year. This allowed for an overall decrease in the cost of funds compared to 2015.

Based on recent risk assessments of the balance sheet and earnings, the credit union is well positioned to serve members and navigate changes in interest rates. The overall financial position of the credit union was healthy for year end 2016. Net capital remained strong at 10.31%. The loan to share ratio increased by almost five percent during the year ending at 74.34%, and the net charge-off ratio was the lowest in recent history annualized at 0.21%.

Captane Thomson  
Treasurer



# Assets

	2012	2013	2014	2015	2016
Cash	6,350,823	6,911,671	8,150,274	6,352,599	7,819,006
Deposits in Banks/S&L's	32,285,000	38,275,000	45,872,000	48,856,000	43,394,078
Deposits in other CU's	744,000	1,488,000	1,488,000	3,224,000	3,224,000
NCUSIF Capitalization	1,740,735	1,836,745	1,877,496	1,997,694	2,155,471
Other Investments	22,346,423	29,568,073	23,769,820	25,929,567	17,056,657
Consumer Loans	20,190,644	20,015,427	22,069,047	26,288,059	34,924,672
VISA Loans	7,077,961	7,197,337	7,693,635	8,040,681	8,329,395
Real Estate Loans	92,427,987	89,822,583	92,778,005	98,527,483	114,751,652
Other Loans	9,269,030	12,733,808	16,735,278	16,785,853	16,793,501
Total Loans	128,965,621	129,769,155	139,275,965	149,642,076	174,799,220
Less Allowance for Loan Losses	(3,371,086)	(2,280,455)	(1,796,559)	(1,444,838)	(1,441,572)
Land and Buildings	4,305,825	4,242,639	4,277,609	4,883,321	7,039,370
Other Fixed Assets	249,636	280,144	926,048	952,755	1,123,205
All Other Assets	4,805,533	2,194,235	1,555,809	1,624,553	8,984,636
<b>Total Assets</b>	<b>198,422,510</b>	<b>212,285,208</b>	<b>225,396,462</b>	<b>242,017,727</b>	<b>\$264,154,071</b>

# Liabilities & Capital

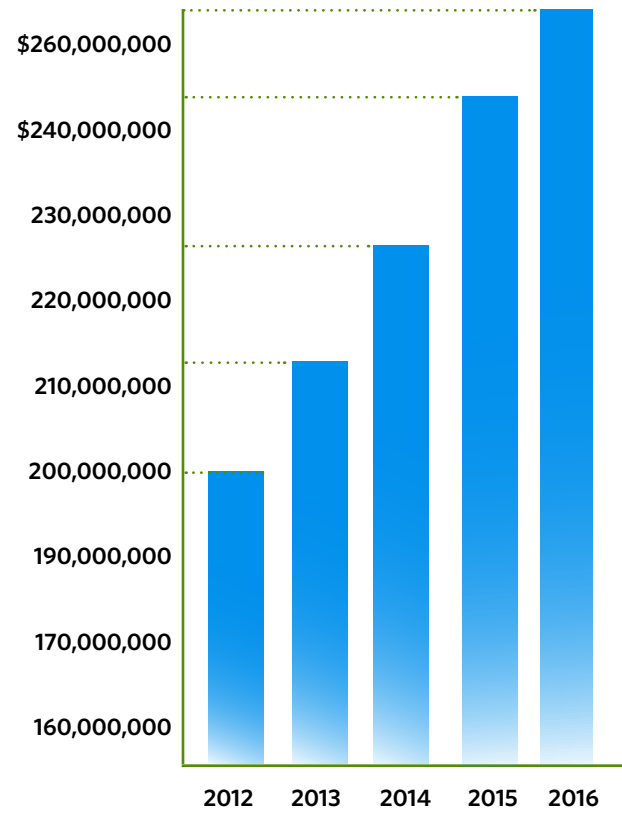
	2012	2013	2014	2015	2016
Notes & Interest Payable	-	-	-	-	-
Accounts Payable	1,105,541	1,026,367	1,388,859	1,391,210	1,784,377
Total Liabilities	1,105,541	1,026,367	1,388,859	1,391,210	1,784,377
Regular Shares	57,876,413	66,386,443	73,378,518	83,127,890	98,115,160
Checking/Money Market	75,844,514	80,665,126	88,727,793	94,186,813	100,711,646
IRA Accumulation	3,610,811	3,863,093	4,193,338	4,938,287	4,539,252
IRA Certificates	6,373,942	5,853,425	4,709,223	4,477,902	4,356,502
Share Certificates	36,227,070	33,977,832	30,529,974	29,406,622	27,405,433
Regular Reserves	2,408,591	2,408,591	2,408,591	2,408,591	2,408,591
Undivided Earnings	14,975,628	18,104,332	20,060,166	22,662,414	24,833,110
<b>Total Liabilities &amp; Capital</b>	<b>198,422,510</b>	<b>212,285,208</b>	<b>225,396,462</b>	<b>242,017,727</b>	<b>\$264,154,071</b>

# Income & Expense

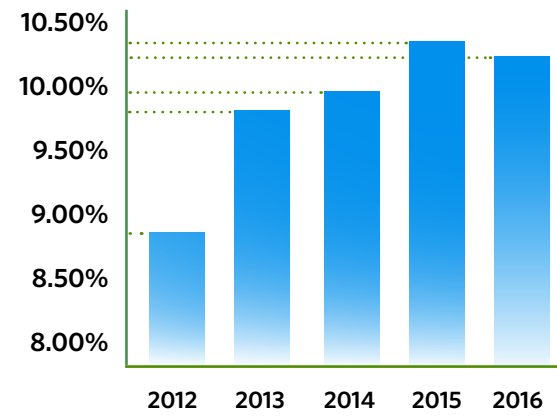
	2012	2013	2014	2015	2016
Loan Income	6,629,874	6,325,030	6,287,891	6,469,650	7,259,912
Investment Income	372,301	372,910	489,342	729,166	751,652
Other Income	4,249,586	3,955,565	3,308,332	3,532,319	3,532,291
Total Income	11,251,761	10,653,505	10,085,565	10,731,135	11,543,855
Salaries & Benefits	3,816,604	3,734,451	3,501,201	3,596,120	3,972,580
Other Operating Expenses	3,887,357	4,172,863	4,281,947	4,338,836	4,822,527
Non-Operating (Income) exp	(113,096)	(513,024)	(108,365)	(159,706)	(55,082)
Provision for Loan Losses	2,152,559	(387,127)	23,431	15,373	329,716
Cost of Funds	594,676	517,628	431,518	338,264	301,647
Net Transfer to Reserves	-	-	-	-	-
<b>Net Income after Reserves</b>	<b>913,661</b>	<b>3,128,704</b>	<b>1,955,833</b>	<b>2,602,249</b>	<b>\$2,172,467</b>

# Financial Trends

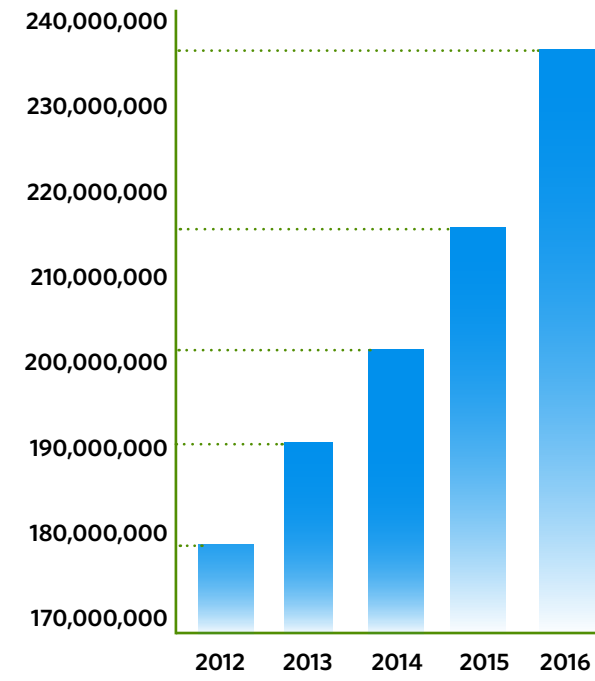
TOTAL ASSETS



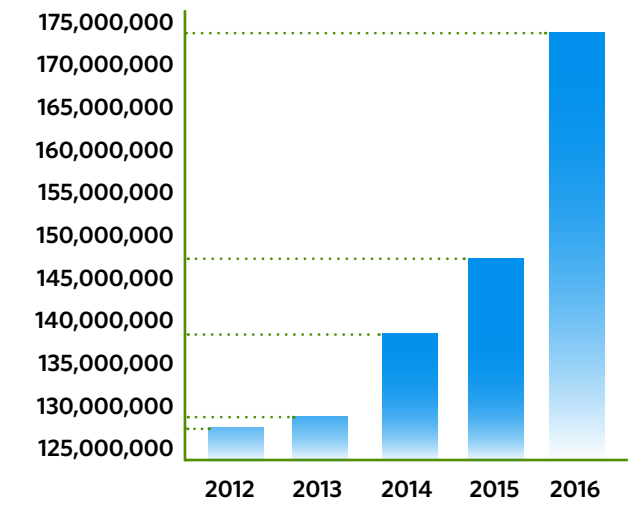
NET CAPITAL TO ASSETS



TOTAL DEPOSITS



TOTAL LOANS





**We help members  
achieve financial success  
and build wealth.**

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465 Pioneer Avenue

Davis  
501 G Street

West Sacramento  
2240 Lake Washington Boulevard Ste. 100

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