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**Yolo Federal**  
Credit Union

**ANNUAL REPORT 2019**  
**Making Dreams Happen Since 1954**

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*"We just celebrated our 49<sup>th</sup> wedding anniversary and for almost all those years Yolo Federal has supported us. We have had all our financial accounts with Yolo Federal for the majority of those years which has included home purchases, retirement home investment, vehicle purchases, along with college savings and expenses. Yolo Federal has given us the confidence to invest in our future, and we have achieved a wonderful, successful life."*

*- Diane M.  
Member Since 1985*

*years*

# LEADERSHIP

## BOARD OF DIRECTORS

William Schemel  
Chairman

David Thompson  
Vice Chairman

Captane Thomson  
Treasurer

Robyn Rominger  
Secretary

Byron MacConnell  
Director

Bruce Muramoto  
Director

Robin Shofner  
Director

## SUPERVISORY COMMITTEE

Floyd McCain  
Chairman

Ed Marquez

Bernadette Murray

Shelley Sammut

## SENIOR MANAGEMENT

Jenee Rawlings  
President/CEO

Matt Lane  
Chief Financial Officer

Matt Isika  
Vice President Lending

Pennie Holck  
Vice President Human Resources &  
Organizational Development

Kelley Jacobsen  
Vice President Marketing & Operations

*years*

# PRESIDENT'S REPORT

The year 2019 marked our 65th anniversary. We dedicated the year to sharing the stories of how we have helped members' dreams come true, whether helping a young family buy their first home or helping someone consolidate debt and getting them on the path to financial well-being. Big dreams or small, we are committed to helping each of our members achieve financial success.

We grew to nearly \$300 million in assets, provided 2,122 loans totaling \$64,875,187, and helped our members grow their savings to almost \$196 million by year-end. We now have 71 employees in 5 branch locations serving over 20,000 members. We also have a dedicated and engaged group of volunteers who spend an average of 30 hours a year in board meetings, committee meetings, and strategic planning sessions, making significant contributions to our success.

We have been committed to ensuring sustainable growth, effective risk management, investing in our communities, and attracting and retaining the best employees by ensuring that Yolo Federal Credit Union is a great place to work. We have developed a strong culture of adaptability, authenticity, and accountability. We consistently work to provide an environment where ambitious employees can flourish.

Most of our staff have significant tenure which provides a solid knowledge base, stable workforce, and invaluable support system for new employees. A recent U.S. Bureau of Labor's report indicates the median length of time workers have been with their current employer was 4.2 years. Our average tenure is nearly 8 years and 43% of our employees have more than 5 years of service. At least a dozen staff have surpassed 15 years of service, and we celebrated a 30-year and a 40-year anniversary in 2019. Many of us have "grown-up" here at the credit union. We value the genuine relationships we've developed and the honest dialogue that brings. Our member-owners have helped us to improve our products, our processes, and our people. Our continuing accomplishments are the result.

We appreciate your membership and thank YOU for helping US achieve financial success.



Jenee Rawlings  
PRESIDENT/CEO

*“Without Yolo Federal Credit Union, our family would not be able to thrive. In just a few short months, my husband was able to leave his very secure job to start his own business as a contractor to support clients in Yolo County.”*

*- Michelle T.  
Member Since 1999*

*years*

# CHAIRMAN'S REPORT

Your Board of Directors is a policy body. Our function is to provide policies and budgets to ensure the safety, liquidity, and yield to the benefit of our members.

This seems relatively simple, but there is a whole lot more to it than meets the eye. We continuously need to ensure that the organization maintains balance. Maintaining an accurate set of books and records, and keeping them in balance, is a part of that, but many other factors need to be balanced, as well. The needs of our depositors must be balanced against the needs of our borrowers. Our need for liquidity must be balanced against our need for yield, and both must be moderated by our need for safety. We need to balance the needs of our children against the needs of our parents and balance the needs of the community against our needs as an organization.

Through this balancing act, we also want to be several other things. We want to support volunteerism, as a general proposition, as it is through the efforts of volunteers that a community demonstrates its value. We want to be a good corporate citizen, engaged in the vibrant business community, and still provide services geared to the needs of our individual members. We encourage our employees to serve their community by participating in volunteer activities, and we make our own contributions to community organizations. We also want to be not only a good place to save and a good place to borrow, but also to be a good place to work. So, we hire good people, challenge them to get the job done and give them the tools they need and the freedom to get things done. And we keep a close eye on staff turnover, even though there isn't a whole lot of that going on. After all, we now have an employee who has worked for us for four decades.

And once again, our volunteers have stepped back up to the plate to serve another three-year term. And once again, we have no petition from the membership, so we have no contested election for the Board of Directors.

We are essentially the largest we have ever been. We have low staff turnover. We are doing our part in the community in ways large and small. We are serving our members with a wide variety of products and services while balancing safety, liquidity, and yield and our regulatory requirements. We were even called upon to provide the financing for a large hotel development in Winters. Our capital is at an all-time high, and our minimal loan losses are the envy of other financial institutions. We have an excellent management team and staff who are committed to service and the broadening of their training. We have more branches in Yolo County than any other financial institution.

Even after over a decade of uncompensated service balancing all of these things, two of our board members have chosen to commit to another three-year term. Wow. It doesn't get better than that.

William Schemel  
CHAIRMAN

*“In 1984, my husband Bob wanted to buy a safer car for our growing family. We had a one year old daughter and a baby on the way. Bob had two days to get financing for the car. Bob and I took time off work to fill out the loan application with another institution. They said that since we were only at their credit union for two years, they were unable to approve our loan request. He suggested we see what Yolo Federal could do for us. Within an hour, we had a check for the full amount of the car. We couldn't believe the faith they had in us! We were truly blessed and were able to purchase the Volvo just in time. The very next day we switched to Yolo FCU and have been loyal members ever since. It has been fun to see Yolo FCU grow, open new locations, and deliver extraordinary service all these years!”*

*- Teresa V.  
Member Since 1979*

# SUPERVISORY COMMITTEE'S REPORT

Yolo Federal Credit Union's Supervisory Committee is responsible for ensuring oversight of the safety and soundness of the credit union. We use three primary channels to monitor and verify the safety and soundness of the credit union: internal audits, external (independent) audits, and results of the periodic examination by the National Credit Union Administration (NCUA).

Our credit union has grown steadily over the years, and more members are partaking of the benefits of digital services. To continue to protect our members' assets, in 2019 our Director of Internal Audits was promoted to the new position of Director of Risk Management with Internal Audits within this department. The Supervisory Committee diligently reviews the results of these internal audits with the Director of Risk Management.

The Supervisory Committee contracts with an independent CPA firm to complete the financial audit and account verification on an annual basis. The CPA firm also reviews credit union policies/procedures and ensures that internal controls are in place to adequately protect members' assets. The firm reports directly to the Supervisory Committee. And our current firm Turner, Warren, Hwang & Conrad AC, also provides annual educational workshops to the volunteer members of the Supervisory Committee. The May 2019 educational workshop was focused upon "Cybersecurity."

The independent auditor's report was issued by Turner, Warren, Hwang & Conrad AC, for the year ended December 31, 2018. They confirmed that there were no discrepancies.

It is the opinion of the Supervisory Committee that the Credit Union's policies and procedures, as well as Management's practices, are sound. Our opinion is based upon internal audits, the independent external audit, and the NCUA examination report. The Supervisory Committee is confident that Yolo FCU will continue to maintain a high level of financial safety and soundness.

Thanks to Yolo FCU's Board of Directors, Management, and staff for their dedication in ensuring that the Credit Union remains a safe and sound institution fulfilling your financial needs today and into the future. We also thank you, the Members, for your continued support and loyalty. It is an honor to serve you.

## SUPERVISORY COMMITTEE

Floyd McCain, Chairman  
Ed Marquez  
Bernadette Murray  
Shelley Sammut

*"I applied for the Visa® Gold credit card and was given a generous \$12,000 limit. It allowed me to transfer all of my higher interest credit card balances to that card. It has allowed me to pay more than the monthly payment every month. I almost have it paid off. I have had a blessed year in my real estate career and have been able to pay off almost all of my debt so that I can purchase my dream home. I am currently in escrow on my very first home. It all started with a friend recommending me to Yolo Federal to apply for the Visa®. It was the start of my journey to becoming financially stable and free from high-interest credit cards. Thank You,*

*Yolo Federal!"*

*- April W.  
Member Since 2017*

# TREASURER'S REPORT

The credit union had a financially strong year for 2019. Earnings exceeded the annual target with return on assets (ROA) at 1.23% and a goal of 1.00%. This was achieved through revenue growth of 8.65%, maintaining operating expenses under budget, and continued low cost of funds. Total operating expenses were below budget by 5.42% and net income exceeded expectations by 19.54% for the year.

The balance sheet grew by 3.03% for the year, and although we hit the \$300 million dollar threshold in November, assets decreased slightly in December to \$298,619,223. A contributing factor to asset growth was the 3.54% increase in members, the year ended with total membership at 20,119, exceeding the target of 20,100. The increase in membership also led to total deposits growth of 1.91% for the year or \$4.8 million with inflows primarily to regular savings and checking accounts.

The loan portfolio increased by \$10.5 million during the year or 4.89%. There was a slow-down in the auto market that dropped demand, but there was a net increase in auto loans of \$2.9 million. The credit card portfolio had a remarkable year with an increase of \$1.1 million or 11%. The success of the credit card products were driven by competitive low rate offerings, limited fees, and well received marketing efforts throughout the year. The other real estate category increased the most by dollars at \$2.7 million or 7%. Loan growth greater than the increase in deposits brought the loan to share ratio up to 87.57% from 85.08% in 2018.

Entering the new year, loan quality remains strong with delinquency levels low at 0.25% and net charge-offs at 0.16%. The strong loan quality provides opportunity for capital growth and net capital increased from 12.10% in 2018 to 12.95%. The credit union is financially strong and prepared for 2020.

Captane P. Thomson  
TREASURER

*“My wife and I moved up here from the Bay Area to be closer to family and find affordable housing. We were nervous about the loan application process since there are so many worries when it comes to finding a fair and friendly lender. With Yolo Federal, our experience was wonderful. Paige took care of us from start to finish answering our questions on what seemed like a daily basis. We are extremely happy with the ARM we received and can’t believe it’s already been a month in our new house. Thanks for making our homeownership dream possible!”*

*- Cameron C.  
Member Since 2018*

*years*

# ANNUAL REPORT FINANCIALS

**\$10.5 MILLION**

LOAN INCREASE

**\$3.6 MILLION**

NET INCOME

**12.95%**

NET CAPITAL

**\$4.8 MILLION**

SHARE INCREASE

*“Yolo Federal Credit Union has helped our family tremendously. When my wife and I got married we combined our finances by opening joint accounts both savings and checking at Yolo Federal. When interest rates were low, we were able to refinance our home mortgage with Yolo Federal to a lower rate and shorter term. This saved us both money. All of our children have savings accounts at Yolo Federal and we have used these accounts to show them how to be responsible financially. Our family has used the discounts provided by Yolo Federal Yolo Federal to purchase theme park tickets and last but not least, our family loves that Yolo Federal is a local credit union that looks out for members of our community and provides great customer service.”*

*- Mark D.  
Member Since 2009*

*years*

# ANNUAL REPORT FINANCIALS

## ASSETS

	2015	2016	2017	2018	2019
Cash	6,352,599	7,819,006	7,835,277	8,033,521	9,919,653
Deposits in Banks/S&L's	48,856,000	43,394,078	49,596,841	26,289,675	14,880,000
Deposits in other CU's	3,224,000	3,224,000	3,968,000	2,976,000	496,000
NCUSIF Capitalization	1,997,694	2,155,471	2,336,466	2,427,574	2,496,638
Other Investments	25,929,567	17,056,657	16,489,211	18,299,994	27,924,597
Consumer Loans	26,288,059	34,924,672	51,364,066	74,849,171	77,869,441
VISA Loans	8,040,681	8,329,395	9,439,814	10,693,567	11,878,694
Real Estate Loans	98,527,483	114,751,652	111,445,118	110,940,586	114,664,444
Other Loans	16,785,853	16,793,501	16,279,491	18,919,291	21,514,879
Total Loans	149,642,076	174,799,220	188,528,489	215,402,615	225,927,458
Less Allowance for Loan Losses	(1,444,838)	(1,441,572)	(1,324,690)	(1,232,057)	(1,346,253)
Land and Buildings	4,883,321	7,039,370	7,086,299	7,724,545	7,731,934
Other Fixed Assets	952,755	1,123,205	950,134	1,065,302	1,061,021
All Other Assets	1,624,553	8,984,636	8,692,170	8,859,586	9,528,176
<b>Total Assets</b>	<b>\$242,017,727</b>	<b>\$264,154,071</b>	<b>\$284,158,197</b>	<b>\$289,846,755</b>	<b>\$298,619,223</b>

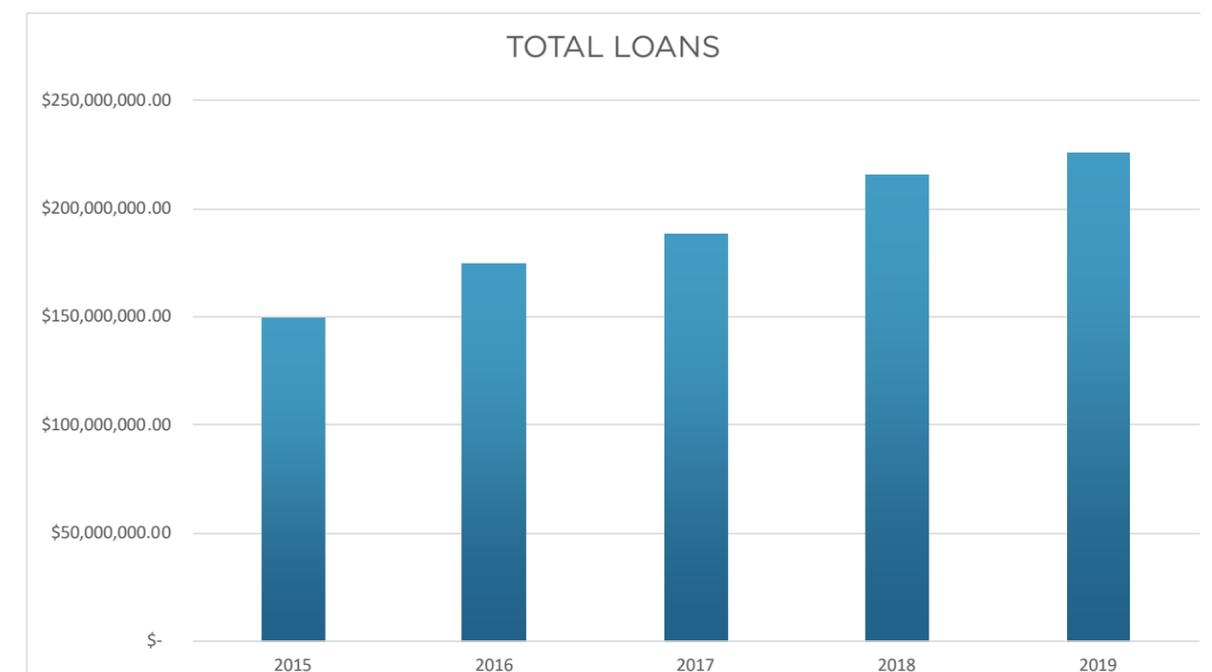
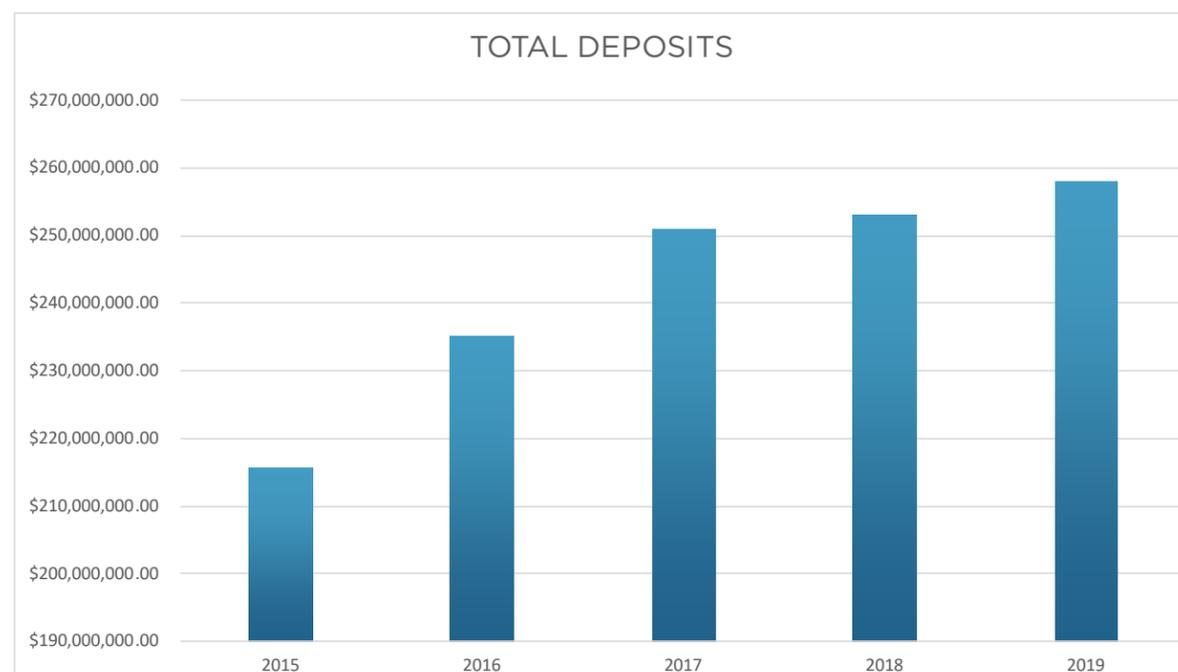
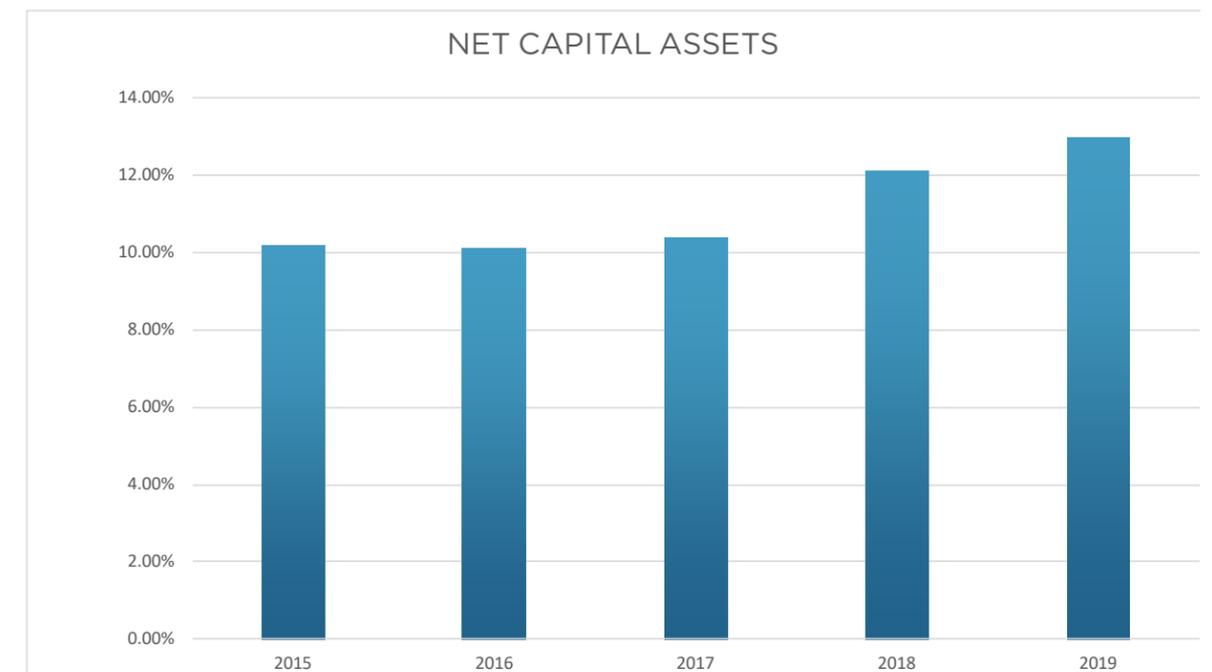
## INCOME & EXPENSE

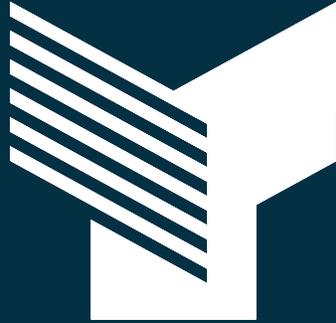
	2015	2016	2017	2018	2019
Loan Income	6,469,650	7,259,912	7,904,439	8,830,850	9,965,444
Investment Income	729,166	751,652	937,278	1,235,528	1,133,813
Other Income	3,532,319	3,532,291	3,849,870	3,827,593	3,996,431
<b>Total Income</b>	<b>10,731,135</b>	<b>11,543,855</b>	<b>12,691,587</b>	<b>13,893,971</b>	<b>15,095,688</b>
Salaries & Benefits	3,596,120	3,972,580	4,188,626	4,462,521	4,940,918
Other Operating Expenses	4,338,836	4,822,527	4,692,969	4,970,442	5,912,302
Non-Operating (Income) exp	(159,706)	(55,082)	(135,568)	(240,269)	(102,975)
Provision for Loan Losses	15,373	329,716	114,227	187,006	478,285
Cost of Funds	338,264	301,647	260,672	269,258	260,468
Net Transfer to Reserves	-	-	-	-	-
<b>Net Income after Reserves</b>	<b>\$2,602,249</b>	<b>\$2,172,467</b>	<b>\$3,570,661</b>	<b>\$4,245,013</b>	<b>\$3,606,690</b>

## LIABILITIES & CAPITAL

	2015	2016	2017	2018	2019
Regular Shares	83,127,890	98,115,160	109,139,811	112,622,169	118,217,916
Checking/Money Market	94,186,813	100,711,646	110,231,550	110,448,107	113,793,440
IRA Accumulation	4,938,287	4,539,252	4,465,392	4,662,810	4,700,690
IRA Certificates	4,477,902	4,356,502	3,847,363	3,295,696	2,641,279
Share Certificates	29,406,622	27,405,433	23,228,345	22,136,979	18,646,894
Total Shares	215,597,514	235,127,993	250,912,461	253,165,761	258,000,219
Notes & Interest Payable	-	-	-	-	-
Accounts Payable	1,391,210	1,784,377	2,444,889	1,766,387	1,887,452
Total Liabilities	1,391,210	1,784,377	2,444,889	1,766,387	1,887,452
Unrealized Gains/Loss AFS	(42,002)	-	(11,516)	(142,768)	67,486
Regular Reserves	2,408,591	2,408,591	2,408,591	2,408,591	2,408,591
Undivided Earnings	22,662,414	24,833,110	28,403,772	32,648,784	36,255,475
<b>Total Liabilities &amp; Capital</b>	<b>\$242,017,727</b>	<b>\$264,154,071</b>	<b>\$284,158,197</b>	<b>\$289,846,755</b>	<b>\$298,619,223</b>

# FINANCIAL TRENDS





We help Yolo County  
achieve financial success.

Woodland  
266 W. Main Street  
465 Pioneer Avenue

Davis  
501 G Street

West Sacramento  
2240 Lake Washington Boulevard, Ste. 100

Winters  
168 East Grant Avenue

(530) 668-2700  
YoloFCU.org

