

1930's

1937

Los Angeles County Court Employees Federal Credit Union is granted its charter on February 11, 1937.



Amelia Earhart disappears over the Bermuda Triangle. Joe DiMaggio helps the Yankees win the World Series.

1940's

1944

Los Angeles County Court Employees Federal Credit Union merges with the Los Angeles County Hall of Records Federal Credit Union and becomes Courts & Records Federal Credit Union.



World War II wages on with women making up much of the work force at home.

Batman & Robin comic strip premieres in newspapers.

# ANNUAL REPORT 2011



1937 — 2011



1950's

1955

The Credit Union reaches \$1 million in assets.



Ford debuts its Thunderbird.  
Elvis drives all the young girls just a little bit crazy.

1960's

1964

The Credit Union reaches \$5 million in assets.



The Beatles appear on Ed Sullivan for the first time.



Bill Russell helps the Celtics claim the NBA Championship.

## OUR BEGINNING

*It began as a simple "self-help" organization that could protect the paychecks of many L.A. County employees from the unscrupulous lenders who inhabited the streets around the Civic Center.*

*In accordance with the new Credit Union Act, an organization Certificate was submitted in January of 1937. A federal charter was granted on February 11, 1937. And by March of that year, the first financial statement reported assets of \$1,003...10 loans amounting to \$585...and a membership of 20.*

*At first, no one had much money to save, so only personal loans were made to the most needy. But the concept worked and caught on quickly. After two years, member savings were \$19,705...196 loans totaled \$19,705...and assets reached \$22,060. Soon the Credit Union was able to lend money for larger consumer items such as automobiles.*

*In 1944, the "Los Angeles County Court Employees Federal Credit Union" merged with the "Los Angeles County Hall of Records Federal Credit Union" to create a new, greatly strengthened organization known as "Courts and Records Federal Credit Union." By 1955, we attained our first million dollars in assets. The \$5 million milestone was surpassed in 1964...the \$15 million mark in 1970...the \$100 million mark in 1987 and the \$200 million mark in 1999.*

*On January 1, 2003, our name was changed to LA Financial Federal Credit Union. This name better reflects our diverse and growing membership and our expanding services. In 2004, our Community Charter was granted allowing anyone who lives, works, or worships in L.A. County to join. In 2008, LA Financial surpassed \$300 million in assets.*

*From a bottom desk drawer in a corner of the County Probation Department to a top-drawer financial institution with 4 branches to serve our members, LA Financial has a lot to be proud of after 75 years; and a lot to look forward to, as we enter the next 75 years from a position of strength and stability. But we have not lost the spirit of innovation that sparked our beginnings...nor lost faith in our founding belief: that we all can benefit from "people helping people."*

# 1970's



The Credit Union reaches \$15 million in assets.

1970



Midnight Cowboy wins Oscar for Best Picture.

Pam An offers first 747 from New York to London.



1975



Courts & Records makes first HQ purchase and moves to 4th & Bluel.



Ali beats Frazier in the "Thrilla in Manila."

1979

Saturday Night Live debuts.

Sony introduces the Walkman.

Share Draft Checking Accounts are introduced.



## PRESIDENT & CHAIRMAN'S REPORT

At LA Financial Credit Union, we believe that who you are is a reflection of both where you've been and where you're going. So as we embark on our 75th year, we're not simply taking a nostalgic look back, but also looking forward — to how we can continue to create new opportunities for our members.

While the concept of credit unions — nonprofit, member-driven financial institutions — dates back over 100 years, and the history of LA Financial Credit Union dates back to 1937, the industry may reflect on 2011 as the year that consumers took notice. Seventy-five years ago, our founders saw the need for a system of cooperative credit. Today, more than ever, that need is abundantly clear, as evidenced by last year's headlines.

Many large banks drew ire from consumers by increasing fees for their products and services, such as their announcement in September 2011 of a \$5 monthly charge for debit cards. Most banks ultimately dropped such plans, but not before drawing a vocal public backlash.

Meanwhile, nationwide groups such as the "Occupy" movement pushed consumers to leave big banks. A Los Angeles business owner organized *Bank Transfer Day* (Nov. 5, 2011) to encourage Americans to move their money out of large banks and into credit unions and other locally-owned financial institutions. Credit unions around the country reported an influx of new members. In the last quarter of 2011 alone, LA Financial saw the addition of 705 new members, an 80% increase over the same period in 2010.

Despite our nation's challenges in 2011, LA Financial had an impressive year. With a loyal commitment to offer value as well as personal service, we welcomed 2,429 new members, a 40% increase over 2010, and opened 1,900 new checking accounts, a 49% increase over 2010. Our lending activity was equally outstanding. We funded 2,352 loans, a 25% increase over 2010, for \$41,956,027, a 17% increase over 2010. These results show that our members trust us to provide the best options to make their dreams a reality...whether that dream is a first home, a new car purchase, or tuition for a child or grandchild.

Most significantly, while many financial institutions struggled in 2011, our assets grew by 2.56%, proving, once again, our members know we are a safe haven for their funds.

We also made strides in the area of service by introducing anytimeMobile (mobile banking) before year-end. With anytimeMobile, members can: perform balance inquiries, view account histories, pay bills, make transfers, make loan payments, and find ATM or shared branch locations. Service improvements will continue in 2012 with the addition of more proprietary ATM locations and enhancements to anytimeMobile.

# 1980's



1980

Direct Deposit is introduced.

Los Angeles Lakers win the NBA Championship.

Ted Turner launches the Cable News Network.

1983

Ready Asset Accounts are introduced.

Motorola sells a state-of-the-art cellular phone.



Space Shuttle Challenger makes its maiden flight.

1984

VISA Credit Card is introduced.



The Olympics are held in Los Angeles for the second time.

Apple introduces its first Macintosh.

As always, we continue to find opportunities to improve our local communities. You can find us at neighborhood events, in the classrooms teaching kids how to balance a checkbook, or raising money for a cause.

On an individual level, LA Financial Credit Union has provided help to thousands of members over the past 75 years. We hear countless stories that do not sound like a typical financial institution's experience. They are stories about the pride that comes from owning a first home, stories of exuberance that comes from holding the keys to a first car, and stories of hope and second chances to rise from a crumbled past and a cloudy economy. It is stories like these that inspire our team to look past the products and services we offer and focus on the realities we help people accomplish.

Many things have changed since we first opened our doors in 1937, but our mission is very much the same. Our focus is still "people helping people." We put members first. We build upon our past by expanding and improving our services.

Moving forward, we'll continue to lead the way with better service, better rates and lower fees. Because, in the end, it's not just about what we have accomplished in 75 years — it's about serving members for a lifetime.

SUSANNA RUIZ, Chair

BARBARA L. NALL, President/CEO

## LOAN COMMITTEE REPORT

The Loan Committee regularly reviews loan appeals, policies and programs and evaluates loan delinquency and charge-off performance. The committee reviews guidelines for granting credit and the Credit Union's lending practices.

During 2011, our impressive loan results included funding 2,352 loans, a 25% increase over 2010, for \$41,956,027, a 17% increase over 2010.

It was a difficult year as we worked to help members meet their financial obligations and minimize or avoid Credit Union loan losses.

Every loan made is a prediction of a borrower's current and future ability and commitment to repay his or her debt. The prediction is a function of the borrower's current capacity (i.e., wages and earnings) and character (i.e., credit history) at the time of the loan.

As we expand our efforts to better serve your borrowing needs, rest assured that we value your time as much as you do and will do everything we can to give you a quick decision and fast turnaround on your loan application.

LINDA L. LARSON, Chair

1987

The Credit Union reaches \$100 million in assets.

VISA Gold introduced.

Pasadena branch opens.



1989

Dutch filter is introduced.



The Berlin Wall falls.

1990's

1990

LA Branch at Promenade Plaza opens.



The Hubble Telescope is launched.

## TREASURER'S REPORT

2011 was another challenging year for the financial industry. But while the economy as a whole suffered, the performance of LA Financial Credit Union remained safe and sound. In fact, most of our key indicators revealed healthy growth.

- We added 2,429 new members in 2011.
- Assets were up 2.56%, by over \$8 million from 2010, to more than \$347 million.
- Net income rose significantly to \$1,606,239.
- Member deposits increased 2.47% by \$7.5 million.

In fact, the only indication of a depressed economy at LA Financial was a modest drop in our loan portfolio — from around \$164 million to \$161 million — as Americans everywhere cut back on their spending and borrowing. Members who did borrow from us in 2011, however, were able to take advantage of some of the lowest interest rates in years. While many financial institutions scaled back their real estate lending, LA Financial continued to offer a complete array of financial products...including Jumbo Home Loans and Home Equity Loans.

Our ability to keep making affordable loans easily accessible is a reflection of our solid lending standards all along. From the beginning, the Board of Directors and Management have taken pride in safeguarding the strength of the Credit Union, ensuring that we can meet every member's needs — with superior rates on savings and loans — in any financial climate.

We look forward to a brighter national economy in the coming year, and continued success in serving our membership.

**JOHN W. STEELE**, Treasurer

## SUPERVISORY COMMITTEE REPORT

The Supervisory Committee is appointed by the Board of Directors to oversee the Credit Union's financial condition and operations. We ensure sound financial management and make certain that the Credit Union operates in the best interest of its members.

To accomplish this goal, we work with an independent auditing firm, putting checks and balances in place to assure policies and regulations are followed.

The Supervisory Committee retained the services of Turner Warren Hwang and Conrad, CPAs to conduct an opinion audit of the Credit Union as of Sept. 30, 2011. The report concluded that the financial position of the Credit Union was appropriately presented and in conformity with generally accepted accounting principles.

**GAIL LE GROS**, Chair

1991



"Grunge" dominates the music scene.

McColluch CU is acquired to merger and its name is later changed to Hovson Community Credit Union, a Division of LAFCU.

1996



24/7 Personalized Consumer Loan Access.

Dallas defeats Pittsburgh in Super Bowl XXX.

1999



anytimeBanking and BillPay are introduced.

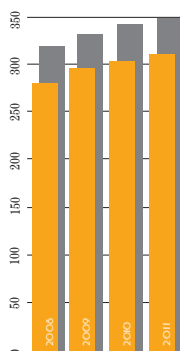
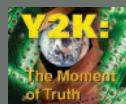
Sony introduces PlayStation 2.

2000's

2000

VISA Debit Card is introduced.  
We joined the Shared Branch Network.

The world waited to see what would happen.



## ASSETS & SHARES

(in millions of dollars)

SHARES  
ASSETS

## STATEMENT OF FINANCIAL CONDITION

	<i>December 31, 2011</i>	<i>December 31, 2010</i>
<b>ASSETS</b>		
Cash	\$ 20,802,198	\$ 3,752,573
Investments	147,066,550	152,506,002
Gross Loans	161,280,542	164,335,353
Allowance for Loan Loss	( 1,682,550)	( 2,589,271)
Deferred Costs	167,600	416,911
Net Loans	<u>159,765,592</u>	<u>162,162,993</u>
Mortgages Held for Sale	952,018	407,000
Real Estate Owned	—	—
Repossessed Vehicles	65,904	138,336
Accrued Interest	1,082,286	1,150,668
Prepaid and Deferred Expenses	3,538,891	3,534,661
Land and Building (Net)	8,922,407	9,060,697
Furniture and Equipment (Net)	1,332,866	1,509,560
Leasehold Improvements (Net)	92,763	156,270
Other Assets	4,245,046	4,836,713
<b>TOTAL ASSETS</b>	<b><u>\$ 347,866,521</u></b>	<b><u>\$ 339,215,473</u></b>
<b>LIABILITIES AND EQUITY</b>		
Accounts Payable and Accrued Expenses	\$ 2,015,506	\$ 2,167,388
Borrowings	6,500,000	8,000,000
<b>DEPOSITS</b>		
Regular Shares	80,015,829	71,225,301
Checking Accounts	41,234,413	37,539,501
Ready Asset and Money Market	86,648,360	85,867,883
IRA Savings	8,168,208	8,876,274
Certificates	93,097,113	98,197,659
	<u>309,163,923</u>	<u>301,706,618</u>
<b>EQUITY</b>		
Regular Reserves	9,408,774	9,408,774
Undivided Earnings	19,048,828	17,442,589
Mark-to-Market Adjustment (FASB 115)	1,729,490	490,104
	<u>30,187,092</u>	<u>27,341,467</u>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b><u>\$ 347,866,521</u></b>	<b><u>\$ 339,215,473</u></b>

**2001**

Norwalk branch was opened on Imperial Highway (relocated from Downey).

**2003**

Changed name to LA Financial Credit Union.

The impact of 9/11 is felt worldwide.

**2004**

Charter was changed to Community — anyone living or working in LA County is eligible to join.



"Friends" comes to an end.

1 million camera phones in use just 3 years after introduction.

**2008**

The Credit Union tops \$300 million in assets.



The first new Camaro in 8 years rolls off the assembly line.

**2010**

HQ purchases new building and moves to 1520 W. Colorado Blvd.



## STATEMENT OF OPERATIONS

For the Period Ending,

December 31, 2011      December 31, 2010

### INTEREST INCOME

Interest on Loans	\$ 9,432,413	\$ 10,470,631
Interest on Investments	4,210,809	4,835,766
	<u>13,643,222</u>	<u>15,306,397</u>

### INTEREST EXPENSE

Dividends on Shares	1,800,631	2,485,779
Interest on Borrowed Money	312,036	364,670
	<u>2,112,667</u>	<u>2,850,449</u>

### NET INTEREST INCOME

**11,530,555      12,455,948**

Provision for Loan Losses	<u>222,275</u>	<u>2,070,410</u>
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### NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES

**11,308,280      10,385,538**

### NON-INTEREST INCOME

Fee Income	\$ 2,969,010	\$ 3,292,697
Other Operating Income	190,545	386,894
Gain/(Loss) on Sale of Investments	441,112	164,714
Gain/(Loss) on Sale of Fixed Assets	7,725	(150,710)
	<u>3,608,392</u>	<u>3,693,595</u>

### NON-INTEREST EXPENSE

Employee Compensation & Benefits	6,119,462	6,049,886
Travel and Conference	96,632	101,030
Office Occupancy	1,145,824	1,302,434
Office Operations	2,504,310	2,632,355
Data Processing	914,089	815,245
Educational and Promotional	302,096	342,197
Loan Servicing	604,523	664,229
Professional and Outside Services	674,602	667,005
Examination Fees	77,376	36,434
Miscellaneous Operating Expense	96,707	242,822
	<u>12,535,621</u>	<u>12,853,637</u>

Net Income/(Loss) from Operations	<u>2,381,051</u>	<u>1,225,496</u>
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Corporate Credit Union Stabilization Expense	749,038	397,896
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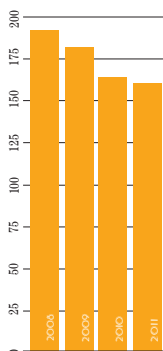
NCUSIF Premium	25,774	367,112
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Prior Period Adjustment	—	(114,600)
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774,812      650,408

### NET INCOME

**\$ 1,606,239      \$ 575,088**



### LOANS

(in millions of dollars)

## BOARD OF DIRECTORS

SUSANNA RUIZ, Chairperson  
THOMAS V. PILLA, Vice Chairman  
JOHN W. STEELE, Treasurer  
LINDA L. LARSEN, Secretary  
DOUGLAS L. CARDEN, Director  
GEORGE F. CARO, Director  
PASTOR HERRERA, JR., Director

## SUPERVISORY COMMITTEE

GAIL LE GROS, Chairperson  
SYLVIA FATH, Member  
COLLEEN JIMENEZ, Member

## MANAGEMENT TEAM

BARBARA L. NALL, President/CEO  
DAVID EBERSTEIN, VP/CFO  
BRIAN GRIFFITH, VP/CIO  
PEGGY POLLARD, VP/CLO  
RENEE MACKANIN, VP/Marketing  
TAMIE POPPEN, VP/Member Services

## OFFICES

Administrative Offices  
1520 W. Colorado Blvd.  
Pasadena, CA 91105

Mailing Address  
P.O. Box 6015  
Pasadena, CA 91102-6015

Pasadena Branch  
224 N. Fair Oaks Ave.  
Pasadena, CA 91103-3641

Los Angeles Branch  
716 W. First St.  
Los Angeles, CA 90012-2464

Norwalk Branch  
12251 Imperial Hwy.  
Norwalk, CA 90650-8302

Havasu Community Credit Union  
*A Division of LA Financial Credit Union*  
55 S. Lake Havasu Ave., Suite J  
Lake Havasu City, AZ 86403-0938

Telephone  
800.894.1200

Web Sites  
[www.lafinancial.org](http://www.lafinancial.org)  
[www.hccu.org](http://www.hccu.org)

Your savings federally insured to at least \$250,000  
and backed by the full faith and credit of the United States Government

**NCUA**

National Credit Union Administration, a U.S. Government Agency

