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# Annual Report 2018

Bank with your **brain.**

Decorative geometric shapes in the bottom left corner, including a white L-shaped line, a light orange square, and a small green square.

Federally insured by NCUA

# Strategic Priorities

Invest in people

Improve speed & quality

Simplify product & service offerings

Enhance accessibility to our primary member

# Chair & CEO Report

Looking back, I am filled with pride as the past year at UCU was nothing short of exceptional. Our new brand, logo, tagline “Bank with your Brain” and enhanced website launched successfully at the end of last year. Carefully planned foundation building ensured our members experienced a seamless transition as we began our new chapter. And, although our appearance has changed, our commitment to you and the university communities we serve, has only grown stronger.

**Innovate. Educate. Advocate.** Three words that define the mission of University Credit Union and the drive behind our achievements of 2018. Three words that speak to the passion behind our strong start in the current year as we build new relationships and continue to look for new ways to give the communities we serve a financial edge.

**Innovate.** To introduce something new, a new idea, method, or device. 2018 was a year of innovation at UCU as we integrated and launched new advancements creating additional value to our members and potential members. Innovations like the conversion to a new, robust Online and Mobile banking platform in the first quarter and the introduction of our Online Loan Origination in the third quarter. These advancements improved the online and mobile experiences and allowed UCU the ability to approve a loan in just a few minutes, if not immediately. Innovations to improve speed and quality by evaluating processes, making improvements and automating workflows were also implemented; creating an organizational work system for our employees. The year ahead will not fall short of the achievements made last year as we continue to be courageous and fearless as a leading credit union.

**Educate.** We are University Credit Union and we have been serving the prestigious university community for the past 68 years. Bank with your Brain. It’s not just our new tagline, it’s how we feel about financial education, literacy and wellness. Education is at the heart of our culture here and we are passionate about continually enhancing the educational opportunities for our members and our team. On-demand learning portals on key financial topics ranging from entry level to retiree interests, seminars and workshops have all been designed to allow our members access to information when and how they need it. We invest in our people too by providing opportunities for educational enrichment and encouraging career growth in partnership with the university community.

**Advocate.** Our new brand better reflects the fact that we are the biggest financial advocate for our members and the university communities we serve. The launch of our new brand embodies the core values of our credit union and supports the promises we make every day to our members, our staff and to ourselves. In 2018 we continued to give back to and support our university communities through numerous fundraising events and charitable activities. As we move forward with our new look, our commitment to being our members financial advocate will remain unchanged.

Thank you for your membership with University Credit Union. We are honored to be your choice as your financial partner.

Warm regards,

David L. Tuyo II, DBA  
President/CEO  
University Credit Union

Norma Iadevaia  
Chair of the Board  
University Credit Union

# Volunteer Board of Directors



**Norma Iadevaia**  
Chair



**Jane Permaul**  
Vice-Chair



**Elizabeth Yzquierdo**  
Secretary/Treasurer



**Anita Cotter**



**Ray Dennis**



**Lea Howe**



**Kathleen Kiser**



**Richard Yamashita**



**Keith Young**

# Core Values

## Teamwork — All in

- Inspires and gets inspired — Leads by example
- Puts the team before self — Quick to support others
- Celebrates others and doesn't seek recognition

## Learning and Growth

- Courageous and fearless
- Learns, mentors and shares
- Stretches beyond comfort zone
- Creates opportunity out of failures

## Member/Team Member Focus

- Works for the WOW!!!
- Makes it easy
- Prescriptive and predictive
- Treats others the way they want to be treated

## Accountability

- Keeps word and honors commitments
- Follows up and follows through
- Owns successes and failures — Holds self to a higher standard
- Honest, open and transparent

# Supervisory Committee



Albert Aubin



Patricia Lowe

To protect our members’ financial safety, University Credit Union’s volunteer Supervisory Committee audits the credit union’s financials and operations. The Committee’s specific duties are to:

- Review and ensure, through internal and external auditors, that the proper internal controls of the credit union exist.
- Ensure proper audit and enterprise risk management procedures.
- Audit the books, financials, and business operations of the credit union using an appointed independent auditor.
- Validate and verify the accounts of members against the credit union’s records.
- Review the affairs of the Board of Directors, officers, and management for adherence to University Credit Union bylaws and policies, and all regulations provided by government agencies.
- Maintain the reputation of the credit union by thoroughly investigating any and all claims made to the credit union and acting on the findings.

RSM, an independent Certified Public Accounting (CPA) firm, was selected by the Supervisory Committee to audit the credit union’s financial statements and ensure that they were reported according to Generally Accepted Accounting Principles (GAAP).

An excerpt from the RSM letter states: “In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of University Credit Union as of December 31, 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.”

We are pleased to announce that University Credit Union’s financials and operations, to ensure the safety and soundness of the credit union, were confirmed by the independent audit.

Albert E. Aubin, Committee Chair  
Patricia Lowe, Committee Member  
Pamela Burrill, Committee Member (Not Pictured)

To obtain a complete copy of the audited financial statements (including the audit opinion), contact: Supervisory Committee, 1500 S. Sepulveda Blvd., Los Angeles, CA 90025.

# Leadership Team



David Tuyo  
President/CEO



Scott Ko  
Chief Financial Officer



Estela Nagahashi  
Executive Vice President



Evany Perkins  
Chief Experience Officer



Steve Sercu  
Chief Technology Officer



Sandra VanOver  
Chief People Officer



# Statements of Financial Condition

December 31 – 2018 & 2017

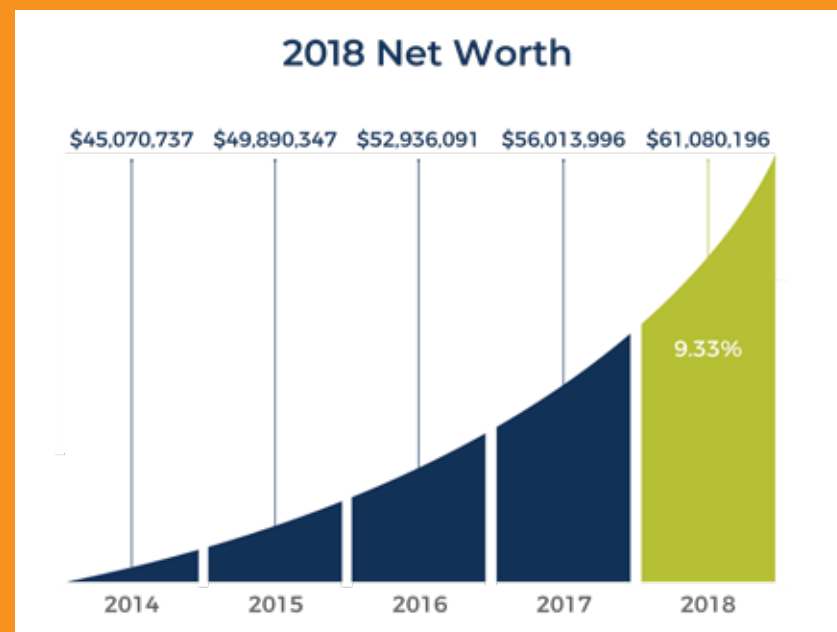
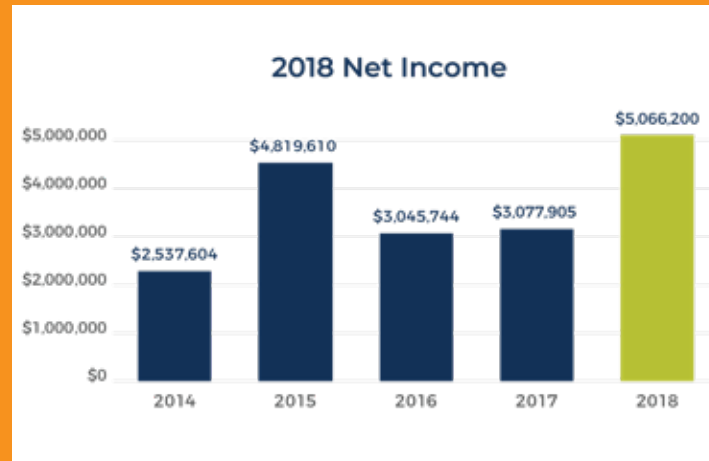
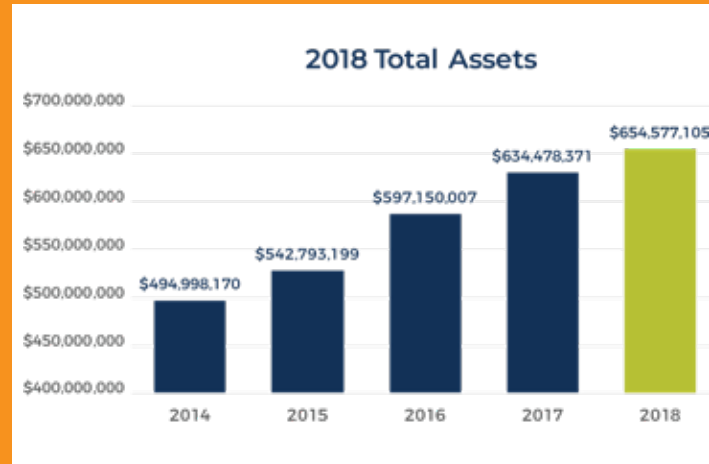
ASSETS	2018	2017
Cash and cash equivalents	\$ 55,822,801	\$ 49,125,971
Investments:		
Securities available for sale	235,303,084	261,269,501
Other	21,358,872	38,420,982
Loans held for sale	320,000	-
Loans receivable, net of allowance for loan losses	305,957,589	257,249,492
Accrued interest receivable	1,837,291	1,620,139
Property & equipment, net	9,504,253	9,890,767
National Credit Union Share Insurance Fund (NCUSIF) deposit	5,484,816	5,274,224
Credit Union owned life insurance	7,962,256	8,467,463
Prepaid expenses and other assets	11,026,143	3,159,832
<b>TOTAL ASSETS</b>	<b>\$ 654,577,105</b>	<b>\$ 634,478,371</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
Members' share and savings accounts	\$ 597,816,264	\$ 581,150,561
Accounts payable and other liabilities	3,871,127	3,853,253
<b>TOTAL LIABILITIES</b>	<b>601,687,391</b>	<b>585,003,814</b>
Members' equity:		
Retained earnings	61,080,196	56,013,996
Accumulated other comprehensive loss	(8,190,482)	(6,539,439)
<b>TOTAL MEMBERS' EQUITY</b>	<b>52,889,714</b>	<b>49,474,557</b>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$ 654,577,105</b>	<b>\$ 634,478,371</b>

# Statements of Income

December 31 – 2018 & 2017

	2018	2017
<b>INTEREST INCOME</b>		
Loans	\$ 13,021,252	\$ 10,968,773
Investments	5,700,719	4,624,552
<b>TOTAL INTEREST INCOME</b>	<b>18,721,971</b>	<b>15,593,325</b>
<b>INTEREST EXPENSE</b>		
Members' share and savings accounts	2,055,590	1,857,961
<b>NET INTEREST INCOME</b>	<b>16,666,381</b>	<b>13,735,364</b>
Provision for loan losses	983,717	1,254,745
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	<b>15,682,664</b>	<b>12,480,619</b>
<b>NON-INTEREST INCOME</b>		
Product and service revenue	4,299,512	4,438,686
(Loss) Gain on sale of investments	(19,724)	3,443
Gain on sale of loans	131,687	-
(Loss) Gain on sale of premises and equipment	-	10,500
Other non-interest income	1,637,399	664,871
<b>TOTAL NON-INTEREST INCOME</b>	<b>6,048,874</b>	<b>5,117,500</b>
<b>NON-INTEREST EXPENSE</b>		
Salaries and benefits	9,314,735	7,664,595
Office operations	6,581,929	6,227,308
Occupancy	768,674	628,311
<b>TOTAL NON-INTEREST EXPENSES</b>	<b>16,665,338</b>	<b>14,520,214</b>
<b>NET INCOME</b>	<b>\$ 5,066,200</b>	<b>\$ 3,077,905</b>

# UCU by the Numbers



# Community Involvement

**Educated thousands of members**

Through workshops, webinars, and one-on-one conversations.

**Raised awareness**

For breast cancer at the LMU Think Pink Walk.

**Awarded scholarships**

To members through the UCU Scholarship Program and LMU Latino Alumni Association.

**Fed hundreds of students**

Across campus through our sponsorship of the UCLA and LMU food pantries.

**Donated books and toys**

To UCLA Mattel Children's Hospital Chase Child Life Fund.

Keep up-to-date on all upcoming UCU community events:

[ucu.org](http://ucu.org)



Bank with your brain.



ucu.org ■ 800.UCU.4510

#### Main Branch

1500 S. Sepulveda Blvd. Los Angeles, CA 90025

#### UCLA Campus Branch

308 Westwood Plaza, Los Angeles, CA 90095 A-Level

