

# CEO and CHAIRMAN'S letter

## The Credit Union in the Community

Downey Federal Credit Union (DFCU) has been serving the Downey community since 1957. Although the initial intent of the Credit Union was to serve the financial needs of Downey teachers, we have evolved into an organization that serves all community members – anyone who lives, works, worships, or attends school in the city of Downey is eligible to take advantage of the benefits of DFCU membership.

Our members and the Downey community have always come first, and this was best exemplified by Barbara Lamberth, DFCU's CEO for the past 9 years, and a Credit Union employee for almost 40! Barbara was raised, went to school, and grew her career in Downey, while being very involved with the Downey Rotary Club, Gangs Out of Downey (G.O.O.D.), and many other organizations. Under Barbara's guidance, your Credit Union nearly doubled in asset size, and has become the healthy and viable financial institution it is today. Barbara retired in October, 2013, and we are thankful for everything she has achieved. We know she'll always be a part of DFCU and the Downey community.

In keeping with this progressive growth, we are happy to report that 2013 was another very solid year for DFCU. Membership grew to 13,405, an increase of 1.0% over last year. Our overall loan volume decreased from \$68.7 million to \$67.2 million. However, our Consumer Loan portfolio – vehicle loans, unsecured loans, and credit cards – increased by 8%, which was our focus in 2013. The Credit Union's net worth at the end of 2013 was a robust 11.95%, making us one of the best capitalized in our industry, and well above the recommended 7% for credit unions. Lastly, due to our safe and sound financial practices and common-sense lending, delinquency dropped from 0.79% the prior year, to a low 0.37%, and assets increased by 2% to \$179,875,504.

DFCU proudly continues to be extremely involved within the community we serve, as we deepened our relationships with the Downey Unified School District, the medical community, service organizations, small and family-run businesses, places of worship and other community groups. We contributed to and supported non-profit organizations that serve the health, economic, educational, cultural and critical needs of our community such as, The Arc, Southeast Area Animal Control Authority (SEAACA), PTA H.E.L.P.S., Gangs Out of Downey (G.O.O.D.), TLC Family Resource Center, The Downey YMCA, Rotary Club of Downey, Downey Chamber of Commerce, the Downey Arts Coalition, the Downey Police & Fire Association and more.

We are invested in the future of our community as well, as our involvement and support of the Downey Unified School District includes financial education programs for all levels of students, Student Enrichment Grants to teachers, annual book drives, scholarships for high school and college-bound students, educational field trips, financial education assemblies, in addition to the numerous programs and events we provide to our Adopt-A-Schools, Ward Elementary and Old River Elementary.

In a year when other financial institutions continued to boost their bottom lines by inflating existing fees and devising new ones, your Credit Union made a conscious decision to keep returning value to our members by maintaining a free checking account, some of the lowest loan rates you'll find in the market, free 24/7 access to your accounts online and over the phone, free ATM access at over 30,000 locations nationally, and twenty times the interest on our savings accounts versus the "big banks."

The coming year is going to be an exciting one, as we are preparing to roll out new products and services that will benefit all members. Keep on the lookout for a cash-back rewards program on DFCU Debit and Credit Cards, instant issue debit cards, an in-branch coin machine, an upgraded phone system, mobile banking, shared branching and more!

On behalf of our Board of Directors, Supervisory Committee, Management and Staff, we wish to thank you for your continued support and for placing your trust in DFCU as a community partner. We look forward to the opportunities that lie ahead and for continued success in 2014.



Ray Mesler  
CEO/PRESIDENT



Raul Lopez  
Chairman of the Board

## STATEMENT OF FINANCIAL CONDITION\*

Assets	2013
Loans	\$66,760,841
Investments	\$109,321,044
Other Assets	\$3,241,604
Land and Building	\$500,870
Fixed Assets	\$51,145
<b>TOTAL ASSETS</b>	<b>\$179,875,504</b>

Liabilities and Equity	2013
Members' Shares and Certificates	\$156,556,157
Reserves and Undivided Earnings	\$21,508,436
Other Liabilities	\$1,810,911
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$179,875,504</b>

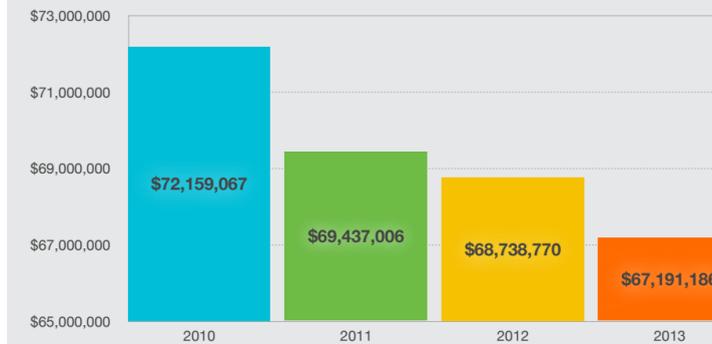
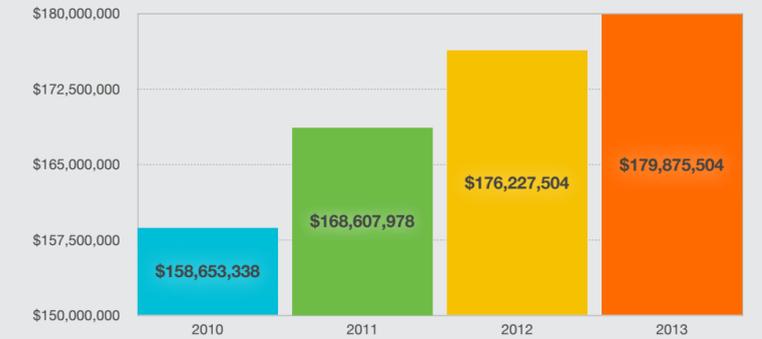
## STATEMENT OF INCOME AND EXPENSE\*

Income	2013
Interest on Loans	\$3,410,728
Income from Investments	\$791,669
Miscellaneous Income	\$925,932
<b>TOTAL OPERATING INCOME</b>	<b>\$5,128,329</b>

Expenses	2013
Personnel	\$2,036,828
Office Operations	\$1,037,740
Professional/Outside Services	\$333,449
Provision for Loan Losses	\$156,968
Education/Promotion	\$197,841
Other Expense	\$195,340
Non-Operating Expense	\$2
<b>TOTAL EXPENSES</b>	<b>\$3,958,168</b>
<b>NET INCOME BEFORE DIVIDENDS</b>	<b>\$1,170,161</b>
<b>DIVIDENDS</b>	<b>\$678,779</b>
<b>NET INCOME</b>	<b>\$491,382</b>

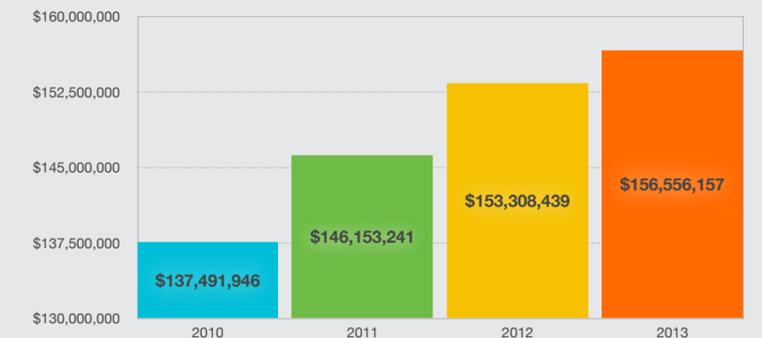
\*Year Ended December 31, 2013. Unaudited numbers listed.

## Asset Growth

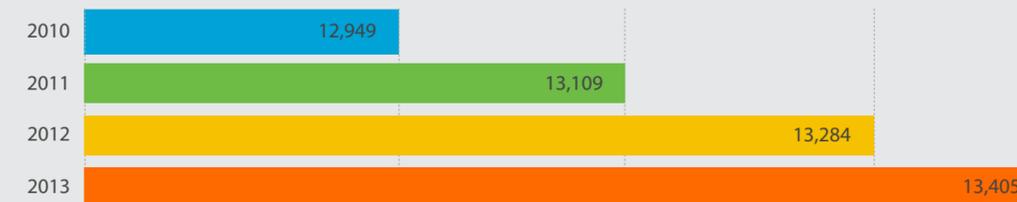


## Loan Growth

## Share Growth



## Membership Growth



## Net Worth





**Kevin MacDonald, CEO, The Arc**

"This year, DFCU extended their hand of friendship to people with developmental disabilities in a variety of ways. DFCU supported The Arc financially through their Membership Campaign, where \$5 from every new membership is donated to a charity of that member's choice, and then invited me to speak to their entire staff about The Arc and the plight of people with developmental disabilities. The most caring outreach came in the form of almost all the Credit Union employees coming to visit the people at The Arc on two separate mornings to learn, to give encouragement and to show they cared. We are so grateful for this outpouring of support from DFCU for the people we serve at The Arc."

**Luz Perez, Coordinator, TLC Family Resource Center**

"Although TLC is a place that helps the community, Downey Federal Credit Union is a place that helps TLC! DFCU has sponsored many of our events, supported our programs by helping us with duplication of flyers, helped us purchase a new fax machine, and even performed in a fundraiser show for TLC. We couldn't do the work we do without community support from organizations like DFCU. Thank you DFCU for kindly reaching back to us every time we ask for your help!"



**Jeanette Hernandez, Teacher, Downey High School**

"DFCU has been providing needed financial literacy presentations for my students for over seven years. They have also assisted the Business/Marketing Program at DHS with funds for educational field trips, they sponsor our DHS student-run coffee shop "Hometown Brew," where students are able to gain practical work experience, and they support the BELLA Club, which encourages young ladies who are interested in pursuing business careers. I know I can always count on them to help enrich the lives of my students."

**Allison Box, Principal, Ward Elementary School**

"Downey Federal Credit Union continues to be an invaluable community partner with Ward Elementary School. Through the credit union's continued support, our students thrive in the District's Character Counts Program and in many school-wide events. On behalf of Ward Elementary School's entire community, we thank you for your generous and kind support. THANK YOU so very much for ALL you do!"



**Jennifer Robbins, Principal, Old River School**

"DFCU has been an incredible partner to Old River School. They have generously supported us with books, financial literacy assemblies, supplies for our students, our Gator TV program, student council shirts and more! They also sponsor our Honor Roll celebrations and end-of-year Honor Roll field trips. We are so grateful for all their support. We love DFCU!!!"



**Downey Federal Credit Union**  
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[www.downeyfcu.org](http://www.downeyfcu.org)



Digital Version

**DFCU Board Members**

- Raul Lopez (Chairman)
- Brian Brown
- Richard Guess
- Stan Hanstad
- Laura Kramer
- Ed Potter
- Brian Saylor

**DFCU Supervisory Committee**

- Robert Becker
- Ray Brown
- Rob Fuller
- Giggy Saab

Serving the  
**DOWNEY COMMUNITY**  
since **1957**

**Annual Report 2013**

