

# California Bear Credit Union



California Bear  
CREDIT UNION  
YOU CAN BANK ON THE BEAR™

# 2009

## Annual Report

### The Chairman & President's Report

2009 was a year of great challenge and change for the nation as the "Great Recession" was in full swing. Our state saw record unemployment levels, drastic budget cuts and we are faced with a looming budget gap of more than \$20 billion. These national and state challenges are affecting our members in a dramatic way as they face furloughs, wage cuts, unemployment, and drastically reduced property values. And, like many other financial institutions, Cal Bear felt the effect of these economic conditions culminating in a loss of net income for the year.

By the nature of our charter, we are required to set aside earnings to build capital reserves...it's our "savings account." Our capital reserves were built to weather economic fluctuations and Cal Bear is using that capital to absorb increased loan losses. Cal Bear has reduced expenses and built a solid financial and operating plan for 2010. We remain committed to the credit union principles of "people helping people" without compromising our service and value to you.

Many financial institutions raised fees, credit card and loan interest rates or cut services to "balance the books;" we resisted those trends knowing our members need help too! Instead, our mission for 2009 was to focus on providing members with the products and services they need now and in the future.

You belong to a credit union and there is real value in that relationship. As a not for profit cooperative, we don't answer to Wall Street, pay stock holders or pay big "corporate" bonuses. Our earnings are returned to our members in the form of better rates, lower fees or enhanced services. In that spirit, we implemented the new FREEdom Checking Account. The concept is simple...We make money when you "swipe" your debit card so now we'll share some of the revenue and pay you after 10 transactions. Plus, we enhanced access by offering FREE ATM access to more than 35,000 CO-OP ATMs across the nation.

We understand we have to earn your business every day – in good times and in bad. Our credit union is strong and ready to face additional challenges as the economy improves. We will continue to provide "heroic" service in a fiscally responsible and trustworthy way.

Jennifer Oliver  
President and CEO

N. Gregory Taylor  
Chairman, Board of Directors

### The Credit Manager's Report

Our members have faced significant financial challenges this year. State furloughs and unemployment have reduced household incomes. A rapid decrease in home values has slowed mortgage lending or refinancing opportunities. The sluggish economy has put additional strain on the financial resources of our members. As a result, California Bear Credit Union dealt with slow loan volume through out the year.

We did see an increase in the number of members refinancing their existing auto and credit card loans in 2009. And we believe that this trend will continue into the New Year because the economy has not truly recovered and the State Employee furloughs are expected to continue until at least July 2010.

The credit union continued to experience larger than normal loan losses in 2009 related to business and participation loans. However, our own members are working with us to repay their debts and our success is showing. Member loan delinquency and loss has dropped dramatically in December 2009 and is very low when compared to the industry. We have set aside additional reserves just in case the State budget crisis puts more stain on our member's already stressed financial picture.

We are working with our members to lower their debt, strengthen their credit and achieve the best value for their loan needs. We introduced the new "Payment Saver" program as a streamlined option to reduce payments by 15% with no "hoops" or fees. We are offering a special auto loan refinance program to lower your existing auto loan payments at other financial institutions. Our credit card rates remain very low to help you consolidate your debt.

Our goal this year is to continue to pro-actively "tell" you about the products and services we offer that can help you through these tough economic times. We will continue to provide you with the excellent member service that you've become accustomed to expect at California Bear Credit Union.

Tony Gonzalez,  
Vice President  
of Service and Sales

## The Supervisory Committee Report

The Supervisory Committee has the fiduciary duty to ensure that the financial records of California Bear Credit Union accurately reflect the financial state of the credit union and are in order. The committee meets on a regular basis to review the financial statements of the credit union and hires an independent auditor to audit the financial statements of the credit union.

In 2009 the Supervisory Committee retained the services of Tuner, Warner, Hwang & Conrad, CPAs to perform the annual audit. The results of the audit confirmed that California Bear Credit Union's financial records are maintained in accordance with the rules and regulations of the National Credit Union Administration (NCUA), California Department of Financial Institutions and Generally Accepted Accounting Principles (GAAP). The results of the audit confirmed that California Bear Credit Union continues to be safe and financially sound.

The audit also confirmed that the \$250,000 in deposit insurance per account provided by the National Credit Union Administration (NCUA) is enough to ensure the safety of our member deposits.

The Supervisory Committee will continue to review the financial statements and oversee the annual audit of the credit union in the coming year.



Max Turchen, Chairman  
Supervisory Committee

# The California Bear Credit Union Volunteers for 2009

## The Board of Directors:

N. Gregory Taylor	Chairman
Harold H. Entz	Vice Chairman
Theodosia Walker	Secretary
Nick Christopoulos	Treasurer
Merle Demroff	Director
Sherman Grancell	Director
Michael D. Miles	Director
Vito Modugno	Director
Robert Sassaman	Director

## The Supervisory Committee:

Max Turchen	Chairman
Elisa Wolf-Donato	Member
K. Don Drachand	Member
Alan Hager	Member
William Yates	Member
Marta Zaragosa	Member
David Zitch	Member

### Consolidated Statement of Financial Condition

#### Assets

Cash	\$	683,159
Investments		32,669,241
Loans Receivable, Net		61,381,999
Member Share Insurance Deposits		1,003,371
Fixed Assets		1,094,660
Other Assets		7,452,354

**Total Assets** **\$ 104,284,784**

#### Liabilities & Member's Equity

##### LIABILITIES

Accounts Payable & Other		
Accrued Liabilities	\$	1,223,720
Line-of-Credit Payable		0
<b>TOTAL LIABILITIES</b>	<b>\$</b>	<b>1,223,720</b>

##### MEMBER'S EQUITY

Member's Shares	\$	96,843,184
Regular Reserve		3,047,430
Undivided Earnings		3,170,450
<b>TOTAL MEMBER'S EQUITY</b>	<b>\$</b>	<b>103,061,064</b>

**Total Liabilities & Member's Equity** **\$ 104,284,784**

## 2009 Credit Union Highlights

The credit union provided support to the LA Regional Foodbank and the Children's Hospital of Los Angeles.

We introduced the FREEdom Checking Account which contributed to an increase of almost 10% in the number of open checking accounts at the credit union.

We expanded our relationship with the CO-OP ATM and CU Service Center Network giving our members access to over 5,300 credit union branches and 35,000 FREE ATMs nationwide.

We introduced the Payment Saver Program which allowed our members to permanently reduce their auto and signature loan payments by 15% each month.

