



# MISSIONS, THEN & NOW




ANNUAL REPORT  
2016

# MISSIONS, THEN & NOW

The past 55 years have witnessed tremendous change for both the Edwards Air Force Base and Edwards Federal Credit Union, not to mention the exponential growth of the entire Antelope Valley. There is however, one constant that continues to connect both Edwards AFB and the Antelope Valley to our credit union – our mission to serve our members by providing access to affordable loans and financial services.

2016 brought many changes to your credit union, but our commitment to our mission of service never waived and is as strong today as it was at our founding in 1962.



Weather observations, circa 1950's.

Front cover  
Top – X-1 on a supersonic flight.

Bottom – Edwards AFB F-35s in test  
flight formation, December 9, 2016.





# PRESIDENT'S REPORT

**Roy MacKinnon**  
*President/CEO*

On May 2, 2016, I assumed leadership of the Edwards team and looking back, 2016 could be considered as a year of transition. The credit union faced numerous operational challenges including the departure of half the senior management team. Many projects begun by the former team had yet to be completed and still others were waiting in the wings. This, coupled with staff's apprehension about new leadership, understandably created some anxious times. Additionally, it quickly became clear that there were significant income and expense hurdles that needed to be overcome as well.

So what did we do? First, we rebuilt the senior leadership team by hiring a new CFO and making several internal promotions. A moratorium was placed on all new projects that were not already underway. As a team, we focused on completing the tasks one at a time, the biggest of which was our debit and credit card conversion. Yes, there was turbulence during the process and members shared their frustration with us, but we never strayed from our commitment to address problems as they developed. Although it took longer than anticipated, by the end of the summer all credit union Debit and Visa cardholders had new EMV chip cards in their possession.

Due to reduced income, increased expenses (primarily from the EMV chip card conversion) and a few real estate foreclosures, by mid-year losses were mounting and approached \$200,000 for the year. As a team, we dug in and instituted a thorough review and reduction of expenses across all departments. Where possible, contracts with existing vendors were renegotiated. Overtime for employees was curtailed. All new position hiring was suspended and as some employees moved on, their responsibilities were given to others rather than replacing the position. No new projects or expenses were authorized.

In one of our biggest expense cutting efforts, we made the difficult decision to close on Saturday's. This created inconvenience for some members, but with our investment in electronic delivery channels such as ATMs, home and mobile banking, and mobile deposit, member accounts remained as accessible as always.

We reviewed how we approached making consumer loans and placed a renewed emphasis on this area. In September, we launched a successful auto loan campaign that gave members a Napa Auto gift card at loan funding. We did this in connection with a renewed commitment to serving the men and women of the Edwards Air Force Base, as well as members throughout the community.

By year-end, overall expenses had been reduced by more than \$140,000. This, combined with an increase in investment income, plus the hard work and perseverance of the staff, management and board, helped the credit union reduce the mid year losses cited above to just \$5,964 by year-end. This is a significant accomplishment and I believe we are now well positioned for a positive 2017.



First Shuttle Mission Landing at Edwards AFB, April 14, 1981.



# CHAIR'S REPORT

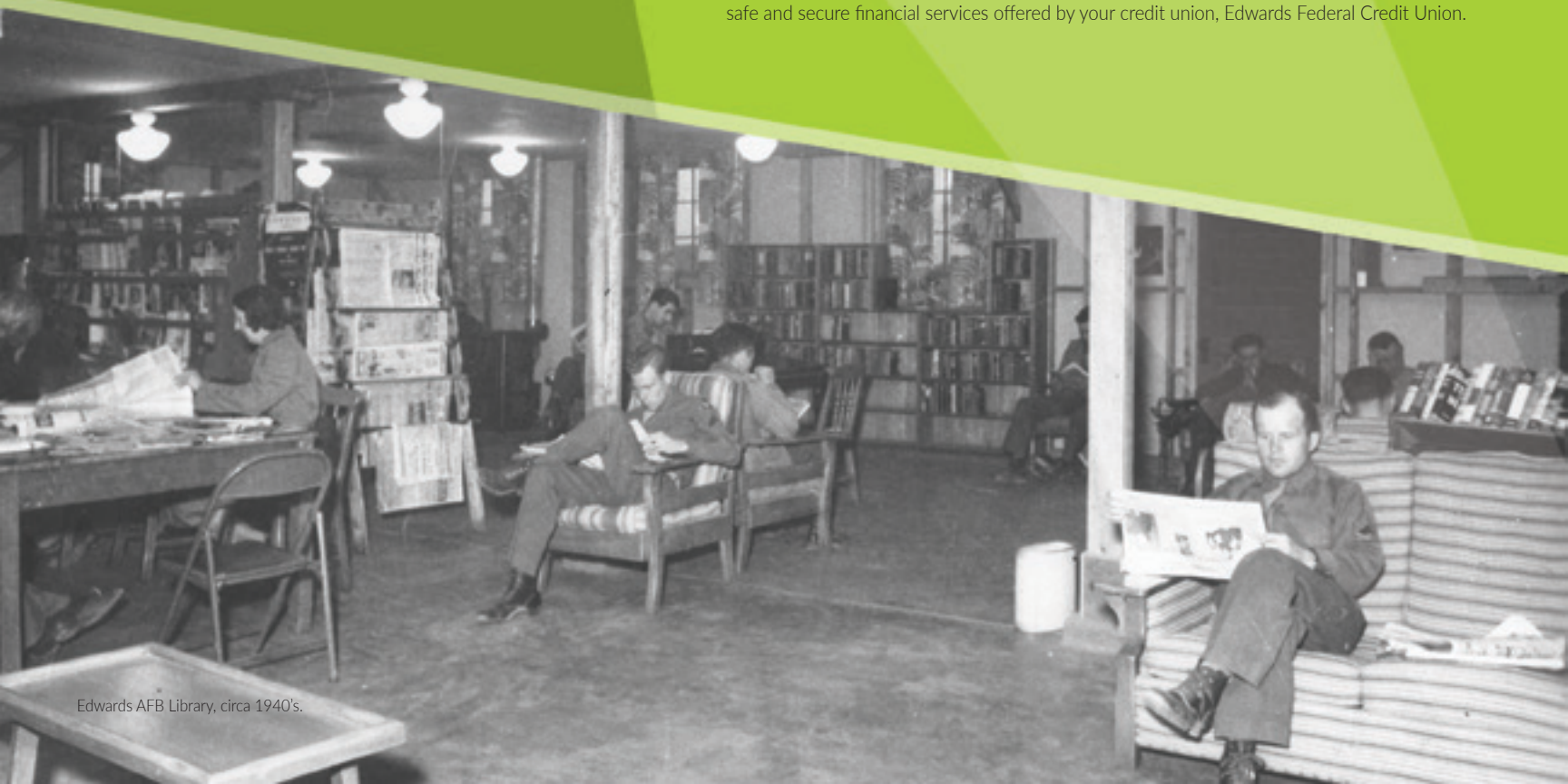
**Ronald Davino**  
*Chair, Board of Directors*

Originally chartered more than 50 years ago, Edwards Federal Credit Union has seen numerous changes to its operations in fulfillment of its mission over the years. Serving our members today is far more complex compared to our humble beginnings in 1962 and in 2016, the challenges we faced were numerous. Today, with a continued focus on sound policies, effective procedures, and cost discipline, our credit union is enjoying continuous growth in member deposits, both to savings and checking as well as an overall increased use of services. We are proud to offer a safe and secure financial environment for the Antelope Valley Community, while providing competitive loan products and Internet based transaction convenience.

Upon the arrival of our new CEO, we took a long hard look at how we could operate more efficiently and effectively. Every expansion of service has been balanced by a prudent consideration of its value to you, our members. Further, our success is greatly attributed to the harmonious working relationship between the credit union staff and volunteers. We look forward to continuing this relationship while advancing technological opportunities that promise to provide additional high-quality services. As a steward of our financial co-operative, I remain committed to maintaining the financial strength of the credit union.

Your Board of Directors considered how we provide credit union services to the men and women who serve and work on the Edwards Air Force base. We reinvigorated our relationships with base command and have begun an outreach program through various on-base resources to make sure those who serve understand the financial value that membership with Edwards can provide to its military members.

On behalf of the Board of Directors, volunteers, as well as the management and staff of our credit union, I would like to personally invite each and every one of you to fully partake in the safe and secure financial services offered by your credit union, Edwards Federal Credit Union.



Edwards AFB Library, circa 1940's.



# TREASURER'S REPORT

**Lillian Tavera**  
*Treasurer*

2016 presented unique challenges to the credit union but through it all, staff and management stayed committed to providing affordable financial services to the membership.

Total assets grew to just over \$188 million, up from \$179.4 million in 2015, a 4.55% increase. Member shares (deposits) increased to \$172.8 million from \$164.0 million, which represents an increase of 5.08%. Total loans to members increased slightly as well to \$73.7 million compared to \$73.3 million in 2015.

Income from loans and investments grew to \$5.2 million compared to \$5.0 million in 2015. Unfortunately, due to higher loan losses, the credit union was required to increase its Provision for Loan Loss to \$671,744 from the prior year of \$290,000. Higher expenses related to departing executives and increased operating expenses related to our EMV Debit and Credit Card conversion resulted in a year-end loss of \$5,964.

Capital correspondingly declined to 7.25% at year-end from 7.60% in 2015 as a result of the increased expenses cited above and the tremendous asset growth experienced in 2016.

All things considered, the credit union handled staff, management and the financial transitions of 2016 with strength and resilience. The credit union has begun 2017 with strong first quarter income that I believe positions the credit union well as we continue our mission of member service.



October 2015, conducting Ground Effects and Fuel Onload Fatigue testing on the new KC-46, flown out of Edwards AFB.



Kerosene Flats—  
One of the housing areas in  
the 1940's to early 1950s.





# SUPERVISORY COMMITTEE REPORT

**Jacque Konstan**  
*Chair, Supervisory Committee*

The Supervisory Committee is made up of a group of volunteer members who are chartered with verifying that the credit union operates in a safe, sound and prudent manner. Reporting to the Board of Directors, the committee is tasked with monitoring branch operations, conducting both teller and vault audits, managing compliance issues and overseeing our audit function from both our independent public accounting firm Moss Adams, as well as our federal regulators, the National Credit Union Administration (NCUA).

The committee also works directly with the credit union's Internal Auditor who performs a variety of specialized individual and system audits. In 2016, we completed all of our audits successfully and the committee is pleased to report that the credit union is compliant, safe and financially strong with a "well-capitalized" classification from the NCUA.

High Speed Track Rocket Run, February 1957.



# FINANCIAL REPORT

## CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

December 31, 2016 and 2015  
(Unaudited)



### ASSETS

Cash and Cash Equivalents  
Investments  
Loans Receivable, net  
Property and Equipment, net  
Share Insurance Deposits  
Other Assets

### Total Assets

### LIABILITIES AND MEMBERS' EQUITY

Accrued Expenses and Other Liabilities  
Members' Shares  
Retained Earnings

### Total Liabilities and Members' Equity

2016

2015

\$	7,143,212	\$	5,059,773
	103,109,634		97,146,336
	73,727,752		73,293,390
	1,559,928		1,630,583
	1,649,254		1,559,701
	836,064		765,773
<b>\$</b>	<b>188,025,844</b>	<b>\$</b>	<b>179,455,556</b>

\$	1,533,495	\$	1,748,561
	172,856,193		164,064,875
	13,636,156		13,642,120
<b>\$</b>	<b>188,025,844</b>	<b>\$</b>	<b>179,455,556</b>

## CONSOLIDATED STATEMENTS OF INCOME

December 31, 2016 and 2015  
(Unaudited)

### INTEREST INCOME

Interest on Loans to Members  
Interest on Investments and Cash Equivalents

### INTEREST EXPENSE

Dividends on Shares  
Interest on Borrowed Funds

### Net Interest Income

Provision for Loan Losses

### Net Interest Income After Provision for Loan Losses

### NON INTEREST INCOME/LOSS

Income from Services  
Miscellaneous Income  
Non Operating Income/Loss

### Non Interest Income/Loss

### GENERAL AND ADMINISTRATIVE EXPENSE

Salaries and Benefits  
Operations  
Occupancy

### Total Operating Expenses

### NET INCOME (LOSS)

2016

2015

\$	3,959,454	\$	3,868,659
	1,272,513		1,161,188
	<b>5,231,967</b>		<b>5,029,847</b>

	165,558		177,752
	92		—
	<b>5,066,317</b>		<b>4,852,095</b>

	671,744		290,000
	<b>4,394,573</b>		<b>4,562,095</b>

	1,454,732		1,520,830
	1,196,141		1,067,304
	—		6,132
	<b>2,650,873</b>		<b>2,594,266</b>

	3,194,725		3,107,194
	3,640,633		3,540,661
	216,052		245,794
	<b>7,051,410</b>		<b>6,893,649</b>

<b>\$</b>	<b>(5,964)</b>	<b>\$</b>	<b>262,712</b>
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Back cover

Top left –  
Anderson's Store, circa 1940s.

Top right –  
Staff Sgt. Steven Schrader (left)  
and Staff Sgt. Alex Rini, 412th  
Logistics Test Squadron, discuss  
the progress of the C-17  
portion of the Hybrid Electric  
Flightline Cart Technology  
Pathfinder tests.

# 54<sup>TH</sup> ANNUAL MEETING MINUTES



**APRIL 21, 2016**

## **PRESENT**

Kimberly Dunham, Chair  
Ardith Richardson, Vice Chairperson  
Lillian Tavera, Treasurer  
Ronald Guyadeen, Secretary  
Martin O'Brien, Director  
Lindsay Harris, Director  
Bob Large, Emeritus Director

## **ALSO PRESENT**

Jacque Konstan, Supervisory Committee  
James Charlton, Supervisory Committee  
Sheri Mitchell, Supervisory Committee  
Stanley Turner, President/CEO  
Charles Berndt, Recording Secretary

## **EXCUSED ABSENT**

Ron Davino, Director

## **SPECIAL GUESTS**

Jethawks speakers  
Roy MacKinnon  
Terrance Brown

## **MEMBERS PRESENT**

87

## **NON-MEMBERS PRESENT**

10

## **CALL TO ORDER**

Ronald Guyadeen ascertained that a quorum was present, Kimberly Dunham, Chair, welcomed and thanked all members for attending the 54th Annual Meeting of EFCU. Kimberly called the meeting to order at 7:48 p.m. at the Hellenic Center, 43404 30th Street West, Lancaster, CA 93536.

Kimberly introduced the Board of Directors, and advised that Ron Davino was absent from the meeting. Kimberly introduced Bob Large as the first Emeritus. Kimberly introduced the Supervisory Committee Chair, Jacque Konstan. Jacque Konstan introduced the Supervisory Committee members and advised that Stephanie Prather and Kim Cabrido were absent. Ardith introduced Stan Turner, President/CEO. Stan introduced the VPs, AVPs, and all other employees. Stan thanked the Annual Meeting Committee Members for helping to put the Annual Meeting together. Stan thanked the special guests in attendance, and introduced Kimberly, who introduced Roy MacKinnon as the new President/CEO. Kimberly introduced Ronald Guyadeen, Secretary of the Board of Directors.

## **53RD ANNUAL MEETING MINUTES**

Ronald Guyadeen presented the 53rd Annual Meeting Minutes, as submitted.

## **MOTION**

It was moved, seconded, and CARRIED to accept the minutes of the 53rd Annual Meeting (Woodshide/Lofthadl)

## **CHAIRMAN'S REPORT**

Kimberly Dunham presented the Chairman's Report, as submitted.

Kimberly thanked Bob Large for his years of service and thanked him for joining as the first Emeritus Director for Edwards Federal Credit Union.

## **TREASURER'S REPORT**

Bob Large presented the Treasurer's Report, as submitted.

Bob thanked the attendees of the Annual Meeting for being present and introduced Lillian as the new Treasurer. Bob advised that he is stepping down as a voting member of the Board and into an advisor role.

## **SUPERVISORY COMMITTEE REPORT**

Jacque Konstan presented the Supervisory Committee Report, as submitted.

Jacque explained the function of the Supervisory Committee and their working relationship with the Board of Directors and Management.

## **PRESIDENT'S REPORT**

Stan presented the President's Report, as submitted.

Stan advised that he was retiring and thanked the Board, his wife, and all the support he has received.

Stan stated that the David Schmitt, CFO, had passed away and that a contribution would be made to the charity of his family's choice.





On April 5, 1947, the second prototype of the Hughes XF-11 twin-boom reconnaissance aircraft made its first complete flight (takeoff and safe landing), piloted by Howard Hughes.

EAFB housing, circa 2000s.

Stan advised that Dave Pavone, VP of IT, had resigned.

Stan presented the employees who have been with the Credit Union for 10 or more years.

Stan thanked Robin for creating the brochure for the Annual Meeting.

Stan stated that he has been grateful to be the leader for the past nine (9) years of Edwards Federal Credit Union and thanked everyone.

Kimberly thanked Stan for his dedication to the Credit Union.

## OLD BUSINESS

No old business to report.

## NEW BUSINESS

No new business to report.

## ELECTION RESULTS

Ardith Richardson, Director, presented the Election results as Follows:

In accordance with Edwards Federal Credit Union's Bylaws, Article V. Section II, when candidates equal Board position vacancies, candidates nominated are elected to vacancies. The following candidates have been re-elected to the Edwards Federal Credit Union Board of Directors by Acclamation:

- Ron Davino
- Kimberly Dunham
- Lindsay Harris
- Lillian Tavera
- Bob Large, Emeritus

Kimberly introduced Roy MacKinnon, new President/CEO.

Roy thanked Robin for the Annual Report.

Roy stated that Edwards is a unique credit union being as it has two distinct fields of membership, the Air Force Base and Community. Roy advised that he was looking forward to working with the staff and Board of Directors.

## OPEN FLOOR (ANONYMOUS)

*1. Does Edwards have any plans to offer home construction loans?* Stan advised that this is being reviewed and may be present in 2017.

*2. Does Edwards have future plans to offer energy based loans, such as solar panels?* Stan advised that there are several successful programs available that could be mirrored and that this is being looked at.

*3. What, if anything, is EFCU doing to promote the east side businesses, restaurants and etc?* Stan advised that there are many businesses that are being underserved and that the local banks that made local business loans are now gone, but that we are well positioned and there is a demand for business loans.

*4. Does Edwards have competitive interest rates for CDs?* Stan advised that he doesn't see this happening through the rest of 2016.

*5. Is there a possibility of seeing negative interest rates for savings accounts?* Stan advised that in the United States he was confident that this would not happen.

*6. How does someone get on the Board of Directors?*

Kimberly advised that being a member is needed, plus experience or interest in the field and those volunteers are hard to come by.

**a. How does EFCU stay in business and why?** Stan explained how Credit Unions work. Stan advised that loans and investments help EFCU stay in business.

**b. How can EFCU be better?** Stan advised that everyone can challenge themselves to improve and uphold personal responsibility.

**c. Can EFCU be better than now, and why?** Stan advised that meetings are held on a consistent basis to find out what is best for the members.

*7. Any chance on changing the hold on Armed Forces Bank and Overseas Federal Bank from 7 days to 3 days to accommodate the civilian Air Force workforce?* Elaine Holman, VP of Operations advised that the Air Force network is part of the ATM network and we are held accountable for what we can put holds on and what we can't, and in this case the institution could perhaps set something up with the individual and that now we have the capability of doing that.

## DOOR PRIZES

Edwards Federal Credit Union donated door prizes.

## ADJOURNMENT

Kimberly asked for everyone to keep David Schmitt's family in their thoughts and prayers.

Hearing no further business, the meeting was adjourned at 8:55 p.m.



On March 23, 1948, the Douglas XF3D Skyknight made its first flight, with Douglas test pilot Russell Thaw at the controls. The F3D, a large twin-engine night fighter developed for the Navy, had been trucked to Muroc Army Airfield from El Segundo, for its flight test program.

The highlight of the 2017 L.A. County Air Show was the U.S. Air Force Thunderbirds Demonstration Team. Six red, white and blue F-16s took to the skies to demonstrate precision flying both in formation and individually on both days of the air show, March 25-26.



In 2016, the new Edwards AFB Mojave Sky Community Center held its ribbon cutting ceremony.







On August 16, 1948 the XF-89 Scorpion made its first flight, flown by Northrop test pilot Fred C. Bretcher. The twin-jet night fighter was selected by the Air Force after a fly-off with the XF-87 and the Navy's Douglas XF3D-1 Skyknight because of its potential for development.



The first air-to-air refuelling from a Royal Australian Air Force KC-30A Multi Role Tanker Transport to a C-17 Globemaster III occurred February 10, 2016 in restricted airspace near Edwards Air Force Base.

Back

Top - On February 15, 1958, the first Convair B-58 Hustler (55-665) arrived at the Flight Test Center for Phase IV testing.

Bottom - F-22 Raptors fly over the Pacific Ocean during a theater security mission March 9, 2009.

# VOLUNTEERS & OFFICERS

## BOARD OF DIRECTORS

Ron Davino, Chairman  
Ron Guyadeen, Vice Chairman  
Lillian Tavera, Treasurer  
Ardith Richardson, Secretary  
Kim Dunham, Director  
Lindsay Harris, Director  
Martin O'Brien, Director  
Robert Large, Director Emeritus

## SUPERVISORY COMMITTEE

Jacque Konstan, Chairperson  
Kim Cabrido, Vice Chairperson  
James Charlton, Member  
Sherri Mitchell, Member

## LEADERSHIP TEAM

Roy MacKinnon, President/CEO  
Sandra Groover, Chief Administrative Officer  
Marc Jacoby, Chief Financial Officer  
Amer Hameed, VP Information Technology  
Alexandra Keene, AVP Member Solutions  
John Meeks, VP Lending  
Randy Santos, AVP Branch Operations





## CONTACT INFORMATION

### Phone

(661) 952-5945 (877) 256-3300 toll-free

### Hours

Monday – Friday 8:30 a.m. – 6:00 p.m.

### Email

[ememberservices@edwardsfcu.org](mailto:ememberservices@edwardsfcu.org)

[www.edwardsfcu.org](http://www.edwardsfcu.org)

## LOCATIONS & HOURS

### Edwards AFB

10 South Muroc Drive

Edwards, CA 93524

Fax: (661) 258-7244

Hours: Monday – Friday 9:00 a.m. – 5:00 p.m.

### Lancaster

44288 10th Street West

Lancaster, CA 93534

Fax: (661) 942-3573

Lobby Hours: Monday – Friday 9:00 a.m. – 6:00 p.m.

Drive-Up Hours: Monday – Friday 8:30 a.m. – 6:00 p.m.



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