

Jefferson Financial   
FEDERAL CREDIT UNION

Federally insured by NCUA

# 2017

Annual Report

# Minutes of the 50<sup>TH</sup> Annual Meeting

The meeting was called to order by the Vice Chairman of the Board of Directors, at The Four Columns, 3711 Westbank Expressway, Harvey, on the 8th day of April 2017, at 10:00 a.m.

It was confirmed that there was a quorum present.

## Minutes:

Moved by Lloyd Clark, seconded by Sharon Wegner, and approved to dispense with the reading of the April 2016, Annual Meeting minutes and to accept as presented in the Annual Meeting booklet.

## Chairman's Report:

CEO Mark Rosa presented the chairman's report and stated that Jefferson Financial Federal Credit Union continued to outperform most credit unions in the state by delivering exceptional products and services. He shared several highlights, accomplishments and expansion projects achieved during the year.

## President's Report:

CEO Rosa reported on the economic climate in 2016, which seemed to show improvement from the previous year. Conditions seemed to follow in Louisiana. Many banks and credit unions ended up on the regulators' "problem list". Jefferson Financial continued to perform well. The credit union industry continues to shrink and the current economic conditions have only contributed to the industry decrease. Mr. Rosa also presented to the audience and board for the first time Jefferson Financial has grown to \$500 Million Credit Union. Rosa reiterated the importance of continued growth and success of Jefferson Financial FCU, given the current economy.

## Supervisory Committee Report:

Juan Filos, Supervisory Committee Chairman, presented the Supervisory Committee Report as printed in the 2016 Annual Report booklet. It was emphasized that the credit union engages the services of Carr, Riggs & Ingram, LLC, Certified Public Accountants who performed an opinion audit on the financial books and records. An opinion audit is the highest auditing standard available and that the credit union is not required to have an audit of this level. The CPA firm reported an "unqualified" or "clean" opinion, the highest result possible. It was noted that unannounced cash counts were conducted at all locations. Cash balances were verified as being accurate. The credit union also hired the CPA firm of Postlethwaire & Netterville to perform an internal audit function to assure all audits were being carried out. All the results were present without exceptions. The Louisiana Office of Financial Institutions conducted their annual exam, which produced excellent results.

## Unfinished Business:

Chairman Feliciano Mendoza called for any unfinished business. There was none.

## New Business:

Chairman Feliciano Mendoza then called for any new business. There was none.

## **Elections:**

Nominees for three (3) positions each for a three (3) year term on the Board of Directors:

By Nomination Committee: Sharon Wegner, Lloyd Clark, Nathan Winesberry.

By Petition: None

Elected by acclamation to the Board of Directors for three (3) year term: Sharon Wegner, Lloyd Clark, Nathan Winesberry.

## **Staff Recognition:**

The Board of Directors' Annual Longevity awards were presented to the following employees:

Madaline Barrios - 25 years, Kathie Murray - 20 years, Diane McDuff - 20 years, Jason Shaffer - 15 years, Liz Dermid - 15 years, Ashley Gambino - 15 years, Neirdra Pressley - 15 years, Michelle Hubert - 10 years, Carla Tezeno - 10 years, Lindsay Thibodeaux - 10 years, Angelia Veal - 5 years, Robert Pajares - 5 years, Karla Macias - 5 years, Jennifer Penisson - 5 years, Andrew Alombro - 5 years, Derek Genusa - 5 years, Lorraine Seals - 5 years, Shana Butler - 5 years, Bruce Griffin - 5 years, Desmond Green - 5 years, Crissy Comeaux - 5 years, Julie Carpenter - 5 years.

## **Door Prizes:**

Door prizes were awarded and a 50/50 cash drawing for Children's Hospital was conducted.

## **Open Discussion:**

None

## **Adjournment:**

Chairman Feliciano Mendoza called for any further questions from the floor. Moved by Nathan Winesberry, seconded by Floyd Grayson, and approved to adjourn the meeting at 11:00 a.m.

# Chairman and CEO Report

Welcome to the annual membership meeting of Jefferson Financial Federal Credit Union.

Jefferson Financial continues to advance at a rapid pace, mirroring our evolving industry which strives to exceed member expectations in a technologically advanced environment.

Some highlights:

	2016	2017
<b>Total Number of Members:</b>	43,175	63,191
<b>Number of Employees:</b>	147	190
<b>Total Loans:</b>	\$342,112,902	\$553,458,222
<b>Total Assets:</b>	\$489,634,604	\$890,312,426
<b>Total Capital:</b>	\$48,626,899	\$79,278,311

Our exponential growth is attributed to THREE credit unions partnering with us last year: The \$1 million GECO Federal Credit Union in Harvey, LA, the \$40 million Riverdale Credit Union of Selma, AL, and the \$100 million Coastland Federal Credit Union in Metairie, LA. We were flattered that they considered Jefferson Financial the place that would most benefit their members, providing them with our products and services.

Your credit union's capital is strong, as demonstrated by a healthy net income in this and in previous years. Investments in infrastructure and technology have not only served the membership, but also have positioned us to grow into the future - a necessary component to succeed. In the last 10 years, Jefferson Financial moved from the 11th largest credit union in Louisiana to the second largest.

Being true to our mission as a credit union, your Board of Directors meets monthly to review loan and deposit rates to provide these products to you, our members, in the most competitive means possible. Our rates and products are consistently ahead of our peer credit unions. We continue to serve the unbanked, under-banked, and the underserved with unique products and services designed for them.

Other 2017 accomplishments and highlights of your credit union, board, and staff include:

- Significant increases in assets, capital, loans, and returns on assets (ROA) despite the past regulatory climate and economic environment
- Received the highest rating possible on the annual Certified Public Accountant (CPA) Audit
- Completed training requirements as mandated for Board and Supervisory Committee members
- Continued involvement in the community and with our largest sponsor groups – Jefferson Parish Public Schools System and Ochsner Health Systems
- Continued sponsorship and heavy involvement with Chambers of Commerce in areas in which we serve

Finally, I would like to thank you, our membership, for your unwavering support and confidence. It is our goal to be your financial service provider for life. Our resilience in this still rocky economic market is a testament to the credit union's management team, volunteer board, and Supervisory Committee as well as a determination to offer our members the most advanced products available in the financial arena.

Sincerely,

Susan Bloom  
Chairman, Board of Directors

and

Mark Rosa  
Chief Executive Officer

# Supervisory Committee Report

The Supervisory Committee of Jefferson Financial Federal Credit Union acts on behalf of the membership by monitoring all Credit Union financial operations and activities. It is the Committee's responsibility to ensure that the Credit Union:

- a. Establishes and maintains effective internal controls to achieve its financial reporting objectives.
- b. Promptly prepares accounting records and financial reports to accurately reflect operations and results.
- c. Properly administers the relevant plan, policies and control procedures established by the Board of Directors.
- d. Establishes policies and control procedures that safeguard against errors, carelessness, conflict of interest, self-dealing, fraud and loss.

Due to the fact that our Credit Union is considered a large Credit Union with complex operations, it is necessary to give consideration to having an Internal Audit Department to effectively assist in carrying out our oversight responsibilities functions, ensuring accurate and reliable information is produced by the Credit Union, determining the effectiveness of the internal control structure, promoting operational efficiencies, safeguarding assets of the Credit Union, encouraging compliance with internal policies and procedures as well as external laws and regulations. An internal audit is an integral part of the evaluation of internal controls, a check and balance on management functions and an effective measure for the prevention and detection of loss. Therefore, the Committee has engaged the CPA firm of Postlethwaite & Nettleville (P&N) to perform the internal audit functions. As you see the benefits gained from the recommendations stemming from internal audits will be invaluable to the Credit Union operations.

The annual opinion audit was conducted by the CPA firm of Carr, Riggs, & Ingram. An opinion audit is the highest quality audit that can be obtained. During the last opinion audit conducted, the Credit Union received a clean audit report reflecting no significant concerns. In conjunction with the annual opinion audit, reviews of the Board of Directors as required by the Louisiana Credit Union Law, chapter 8, section 6-669, and the bylaws of the Jefferson Financial Federal Credit Union were conducted by the committee. The committee also conducted the confirmation of member's accounts.

Since the last annual meeting, the Supervisory Committee conducted unannounced cash counts at the main office and all branches to verify cash reconciliations. All cash balances were verified as being accurate at all locations.

In addition, the National Credit Union Administration conducted their exam, which produced good reports.

The Committee appreciates your continued confidence in our oversight role. The support and cooperation of the Board of Directors, Management, and employees that have assisted us in the performance of our duty is greatly appreciated.

Supervisory Committee Members:

Tony Filos, Chairman  
Melissa Matherne, Secretary

# 2017 Financials

## Balance Sheet

<b>Assets</b>	12-31-2017	12-31-2016
Cash	\$57,023,407	\$103,280,037
Investments	226,609,386	7,520,935
Loans (Net)	546,554,383	339,697,617
Property & Equipment (Net)	23,958,536	18,401,008
NCUSIF Deposit	5,241,049	3,270,849
Other Assets	29,482,800	17,464,158
<b>Total Assets</b>	<b>\$888,869,561</b>	<b>\$489,634,604</b>
<b>Liabilities &amp; Members' Equity</b>	12/31/17	12-31-2016
Accrued Expense & Other Liabilities	\$78,411,290	\$99,808,351
Total Shares	735,196,635	341,199,353
Other Comprehensive Income	(4,016,675)	3,570
Total Capital	79,278,311	48,623,329
<b>Total Liabilities &amp; Members' Equity</b>	<b>\$888,869,561</b>	<b>\$489,634,604</b>

(Unaudited)

## Income Statement

<b>Income</b>	12-31-2017	12-31-2016
Loan Interest Income	\$19,789,102	\$17,376,243
Investment Income	2,375,482	436,185
Fee Income	5,696,873	5,123,393
Other Income	3,328,696	3,187,585
<b>Total Income</b>	<b>\$31,190,153</b>	<b>\$26,123,407</b>
<b>Total Expense</b>	12/31/17	12/31/16
Operating Expense	\$23,229,643	\$19,229,552
Provision for Loan Loss	1,618,965	1,593,412
Dividend Expense	4,496,021	2,487,327
<b>Total Expense</b>	<b>\$29,344,629</b>	<b>\$23,310,291</b>
<b>Gain/(Loss) On Sale</b>	<b>\$6,521,879</b>	<b>\$272,979</b>
<b>Non-Operating Income</b>	<b>\$260,000</b>	<b>\$405,919</b>
<b>Net Income</b>	<b>\$8,627,403</b>	<b>\$3,492,014</b>

(Unaudited)

# Board of Directors

**Susan Bloom**  
Chairman of the Board

**Joann Tassin**  
Vice-Chairman

**Floyd Grayson**  
Treasurer

**Nathan Winesberry**  
Secretary

**Sharon Wegner**  
Director

**Lloyd Clark**  
Director

**Barbara Duplantis**  
Director

**Feliciano Mendoza, Jr.**  
Director

**George Horne**  
Director

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