



# ANNUAL REPORT 2023



**BUILT FOR  
SACRAMENTO.**  
DESIGNED FOR YOUR LIFE.

A woman is seen from behind, holding a baby in her arms. They are standing in a field of tall grass or corn, looking out at a sunset. The sun is low on the horizon, creating a warm, golden glow. The woman is wearing a light-colored jacket and a knit hat. The baby is wearing a pink outfit. The woman's right hand is raised, pointing towards the sky. The overall mood is peaceful and hopeful.

**FROM OUR LOCAL BEGINNINGS IN 1935,**

Sacramento Credit Union has always focused on helping our members create a better financial life. No matter what happens with current events, interest rates and economic cycles, we are steadfast in our commitment to you.



# ANNUAL REPORT 2023

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Helping members navigate their path to financial success.



## CHAIR OF BOARD OF DIRECTORS AND PRESIDENT/CEO REPORT

# BUILDING SUCCESS ONE STEP AT A TIME

**Sacramento Credit Union has balanced the needs of savers and borrowers since 1935 and provided products and services that help members during every step and stage of their financial journey.**

We are happy to report that the fiscal year 2023 financial performance demonstrates the continued safety and soundness of the Credit Union.

Although the rate of inflation decreased in 2023, the general discomfort about the economy prevailed, propped up by higher borrowing costs due to the elevated fed funds rate and threat of looming recession. This challenging environment provided even more opportunities for SCU to serve our membership and deliver products that members need to craft a more positive financial future.

Audited net earnings, or return on assets (ROA), for fiscal year ended September 30, 2023, were \$6,886,629 or 98.51 basis points on average assets of \$699,081,371. Net Worth grew at 7.39% and surpassed the \$100 million mark. The net worth to assets ratio climbed to 14.04% from 12.98% the prior year.

Total deposits receded by \$12.6 million or 2.04% compared to 6.71% growth the prior year and double-digit growth the previous two years. Term deposit was the only category with growth at 117.60% or \$52.9 million. Members sought higher deposit yields after being in a low-rate environment since the pandemic started, and the Credit Union responded by offering higher dividend rates on shares and CD specials to retain and attract deposits. Deposits were \$177 million higher than pre-pandemic levels.

Loan growth was 5.73% compared to 12.75% for the prior year. The primary drivers of growth were vehicle loans and mortgages. The loan portfolio continued to perform well. Delinquency of 60 days or greater and net loan charge-offs were at .08% and .07% of the loan portfolio, respectively.

The Board of Directors and the Supervisory Committee continue to gain education through training as well

“A stumbling block to the pessimist is a stepping-stone to the optimist.”

Eleanor Roosevelt

## SUPERVISORY COMMITTEE REPORT

# SAFE, SECURE, & FINANCIALLY SOUND

as conference attendance. This enables our Board of Directors and Supervisory Committee to remain current on industry trends, compliance, technology, and security. SCU continued our commitment to making sure all employees receive robust training on multiple topics and issues as well as further refresher courses on topics ranging from standards of conduct, Bank Secrecy Act, and recognizing fraud.

The Board of Directors, the management team, and all staff remain committed to the mission statement and the membership of Sacramento Credit Union and the communities we serve. We look forward to another strong year in 2024.

**We thank you for your membership and trust.**

*Submitted by:*

*Les Brown, Chair, Board of Directors  
and Bhavnesh Makin, President/CEO*

**The Supervisory Committee meets periodically with management and independent accountants to review the work of each and to satisfy themselves that each person properly discharges their responsibilities.**

Additionally, the Committee reviews and examines various credit union internal policies, internal controls, and procedures throughout the course of the year to ensure that members' assets are protected.

RSM US LLP, a licensed CPA firm, was retained to perform an audit of the Credit Union's financial statements as of September 30, 2023.

In their opinion, the financial statements present fairly, in all material respects, the financial position, and the results of its operations and its cash flows in accordance with generally accepted accounting principles.

*Submitted by:*

*Sophia McBeth-Childs, Chair,  
Supervisory Committee*



“Someone is sitting in the shade today because someone planted a tree a long time ago.”

– Warren Buffett



## STATEMENT OF FINANCIAL CONDITION

### YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	2022
<b>Assets</b>		
Cash and cash equivalents	\$ 58,207,499	\$ 52,647,262
Investments	230,528,243	261,017,838
Loans, net	397,915,087	376,573,849
Accrued interest receivable	1,587,607	1,166,276
Premises and equipment, net	3,919,070	4,410,242
National Credit Union Share Insurance Fund deposit	5,516,555	5,518,873
Right-of-use assets	3,589,391	3,860,691
Other assets	11,676,054	13,102,993
	<u>\$ 712,939,506</u>	<u>\$ 718,298,024</u>
<b>Liabilities &amp; Members' Equity</b>		
Liabilities:		
Members' shares	\$ 604,097,973	\$ 616,678,560
Lease Liabilities	3,647,479	3,866,071
Accrued expenses and other liabilities	5,074,257	4,520,225
<b>Total Liabilities</b>	<u>612,819,709</u>	<u>625,064,856</u>
Members' Equity	<u>100,119,797</u>	<u>93,233,168</u>
	<u>\$ 712,939,506</u>	<u>\$ 718,298,024</u>

#### Board of Directors

Les Brown	Chair
Willie L. Southward III	Vice Chair
Aron Brewer	Secretary-Treasurer
Jim Culleton	Director
Ross Huggins	Director
Herman Li	Director
Judy McGarry	Director

#### Supervisory Committee

Sophia McBeth-Childs	Chair
Remie Diva	Secretary
Gene Webb	Member
Beverly Skeaton	Member
Hannah Gabriel	Member





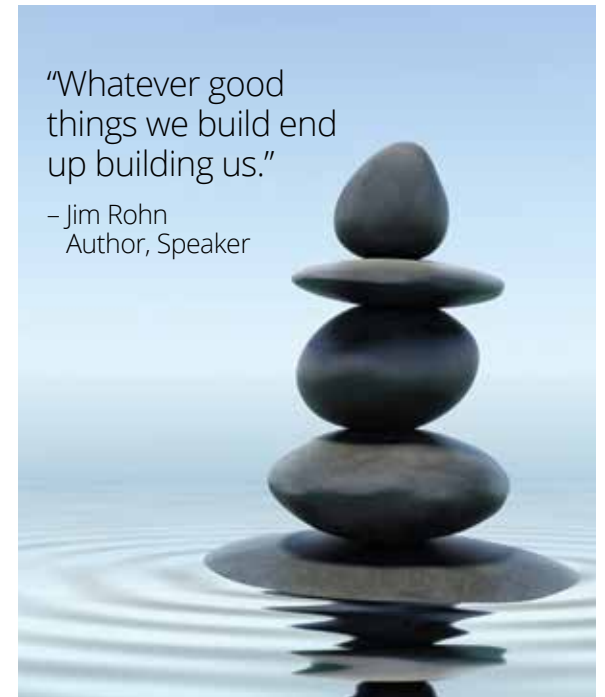
## STATEMENT OF INCOME

YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	<b>2023</b>	<b>2022</b>
Interest Income:		
Loans	\$ 15,351,264	\$ 12,223,122
Investments and Cash Equivalents	<u>5,638,125</u>	<u>3,529,785</u>
	20,989,389	15,752,907
Interest Expense:		
Members' Shares and Borrowed Funds	<u>4,082,618</u>	<u>1,284,846</u>
<b>Net Interest Income after Provision for Loan Losses</b>	16,906,771	14,468,061
Provision for Loan Losses	<u>591,956</u>	<u>67,877</u>
<b>Net Interest Income after Provision for Loan Losses</b>	<u>16,314,815</u>	<u>14,400,184</u>
Noninterest Income:		
Service charges and other fees	1,595,917	1,585,317
Other noninterest income	<u>5,086,610</u>	<u>5,434,861</u>
<b>Total Noninterest Income</b>	<u>6,682,527</u>	<u>7,020,178</u>
Noninterest Expense:		
Salaries and Benefits	8,995,509	9,562,948
Operations	5,583,982	4,833,460
Occupancy	<u>1,531,222</u>	<u>1,519,530</u>
<b>Total Noninterest Expense</b>	<u>16,110,713</u>	<u>15,915,938</u>
<b>Net Income</b>	<b><u>\$ 6,886,629</u></b>	<b><u>\$ 5,504,424</u></b>

"Whatever good things we build end up building us."

- Jim Rohn  
Author, Speaker



### Branch Locations

Elk Grove	8351 Elk Grove Blvd., Ste. 600
Fair Oaks	8100 Madison Ave.
Folsom	1705 Iron Point Rd., Ste. 100
Roseville	5005 Foothills Blvd., Ste. 1E
Sacramento	3660 Bradshaw Road
	800 H Street
	3102 Arden Way



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916-444-6070 | [SactoCU.org](http://SactoCU.org)