

2015 Annual Report

★ Report from the Chairman & President/CEO ★

The year 2015 was very challenging and successful for Clearpath. For example, retirement of Dalia Bieltz, our long time President/CEO, growing our Member Business Loans (MBLs) balance to an all-time high, rolling out Remote Deposit Capture (Mobile Deposit), very clean examination results from our government regulator, NCUA, and accomplishing the highest asset balance in the history of Clearpath of \$97 million.

Overall, the economy showed improvements throughout 2015 and members are seeing the impact in their financials as well. There are two great successes for us during 2015, they were Mobile Deposit and MBLs, including SBA loans. With these programs in place, members continue to do more financial transactions with Clearpath, without having to visit a branch. In addition to having more options when it comes to their individual/business needs.

The competitive and regulatory environment continues to be challenging. It is critical that we continue making sound strategic decisions that will help us deal with those changes. Fortunately, over the past five (5) years, our financial strength continues to rate a "5 Star" level from Bauer Financial, a financial rating service, which is the highest possible for a financial institution.

Based on our 2015 Member Satisfaction Survey results, we continue to provide excellent member service that our members have come to expect and deserve. The survey is our best indicator of our successes, as well as areas of opportunity to improve. This is why we continue to seek ways to fulfill our service promise to members and look forward to doing that again in 2016.

In closing, we want to thank all of the Clearpath Volunteers, Management, and Staff for their commitment to our growth and their hard work in achieving another successful year.

Russell Morgan, Chairman of the Board
John S. Lee, President/CEO

★ Treasurer's Report ★

As our nation continues to recover from the worst economic downturn of our century, Clearpath Federal Credit Union is pleased to report having another successful year in 2015 with one of the healthiest capital levels in the industry and an all-time high loan portfolio growth coupled with a record-setting net revenue increase over the previous operating cycle.

Some of the major initiatives and the highlights of 2015 were as follows:

- Designation of Clearpath FCU's Low Income status by the NCUA, enabling us to service the "underserved"
- Approval of SBA Lender status by the Small Business Administration
- Design and implementation of the Remote Deposit Capture program
- Organizational re-alignment to improve productivity and efficiency
- Core Loan portfolio growth of 29.32% with Loan Participation portfolio growth of 54.61% resulting in Combined Loan growth of 31.98%
- Total Equity and Total Asset growth of 4.77% and 5.55%, respectively, complemented by
- Total Operating Income growth of 9.58% over the previous operating year

All of our key financial ratios – Net Worth, Loan to Share ratio, Loan Growth, and Deposit Growth – performed well in 2015 and currently remain strong. Our main area of focus in 2015 continued to be Member Service and Membership Growth evidenced by a net membership growth of 439 (3.62%), during the same financial period.

The Credit Union's Leadership Team continues to look for opportunities to improve our profitability by improving our total income while minimizing our operating expenses. All economic indicators are pointing upward, complemented by improving consumer confidence and coupled with continued sound financial management, Clearpath Federal Credit Union remains well-positioned to maintain its momentum toward deposit and loan portfolio growth, as well as profitability in 2016.

Larry Gonzales
Treasurer

BALANCE SHEET			
	DEC 2014	DEC 2015	VARIANCE
ASSETS			
Cash	\$5,984,430	\$6,821,859	\$837,429
Loans	\$50,681,687	\$65,539,566	\$14,857,879
Investments	\$29,591,159	\$19,317,116	-\$10,274,043
Fixed Assets	\$2,839,183	\$2,721,584	-\$117,599
Other Assets	\$2,935,593	\$2,736,161	\$199,432
TOTAL ASSETS	\$92,032,052	\$97,136,286	\$5,104,234
LIABILITIES			
Accounts Payable	\$1,053,859	\$860,411	-\$193,448
Accrued Expenses	\$214,360	\$146,783	-\$67,577
Other Liabilities	\$1,194,105	\$2,197,987	1,003,882
TOTAL LIABILITIES	\$2,462,324	\$3,205,181	\$742,857
TOTAL SHARES/DEPOSITS	\$79,073,882	\$82,934,670	\$3,860,788
Regular Reserve	\$2,228,422	\$2,228,422	\$0.00
Appropriated Reserve	\$0	\$0	\$0.00
Capital Acq. from LCU	\$296,603	\$296,603	\$0.00
Undivided Earnings	\$7,970,821	\$8,471,409	\$500,588
TOTAL EQUITY	\$10,495,846	\$10,966,434	\$500,588
LIABILITIES & EQUITY	\$92,032,052	\$97,136,286	\$5,104,234

INCOME STATEMENT			
	DEC 2014	DEC 2015	VARIANCE
Loan Income	\$2,410,688	\$2,672,721	\$262,033
Investment Income	\$681,729	\$785,339	\$103,610
Other Income	\$1,758,737	\$1,857,606	98,869
Total Operating Income	\$4,851,154	\$5,315,666	\$464,512
Salaries & Benefits	\$2,359,129	\$2,430,233	\$71,104
Office Expenses	\$2,013,113	\$1,390,371	-\$622,742
Outside Services	\$147,655	\$591,073	\$443,418
Loan Loss Provision	\$108,988	\$44,243	-\$64,745
Other Expenses	-\$123,882	\$94,082	\$217,964
Total Operating Expenses	\$4,505,003	\$4,550,002	\$44,999
Income Before Dividends	\$346,151	\$765,664	\$419,513
Dividends	\$336,085	\$265,076	-\$71,009
NET INCOME	\$10,066	\$500,588	\$490,522

STATISTICS			
	DEC 2014	DEC 2015	VARIANCE
Members	12,111	12,550	439
Total Loans	5,341	5,565	224
Loan to Share	65%	80%	15%
Delinquency	0.11%	0.31%	0.20%

★ Loan Committee Report ★

It was another record year for the lending department at Clearpath. 2014 saw the introduction of our first Commercial Real Estate loan, and in 2015 we continued to grow that portfolio with an increase of \$2.3MM or 54%. We also continued to expand our loan participations in order to keep a well-balanced portfolio. Growth in this area was up 54%. Our dealer direct program continued to have a strong showing, with an increase of \$4.7 million over 2014 which equates to a 62% increase.

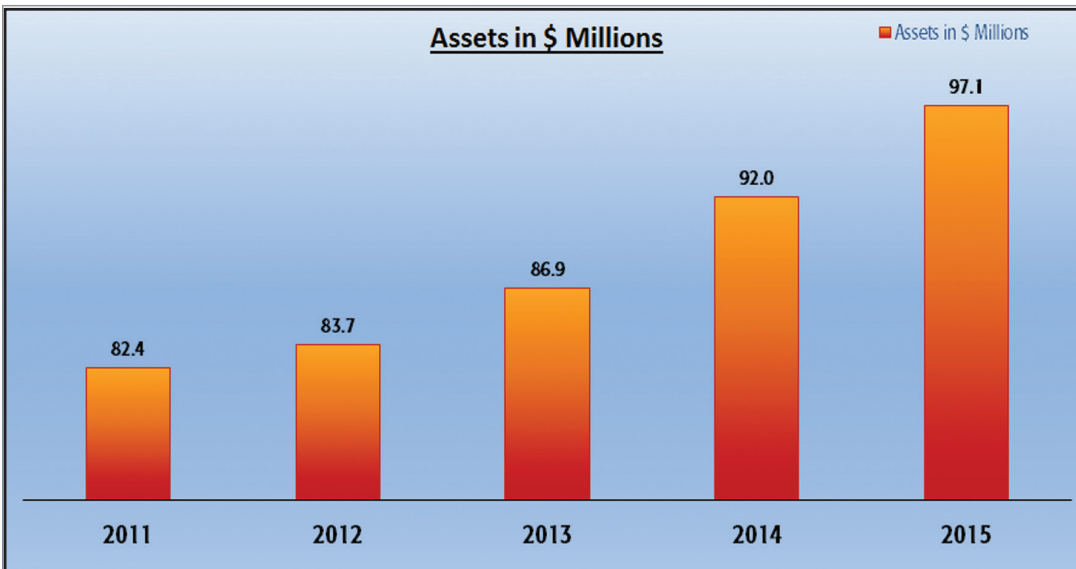
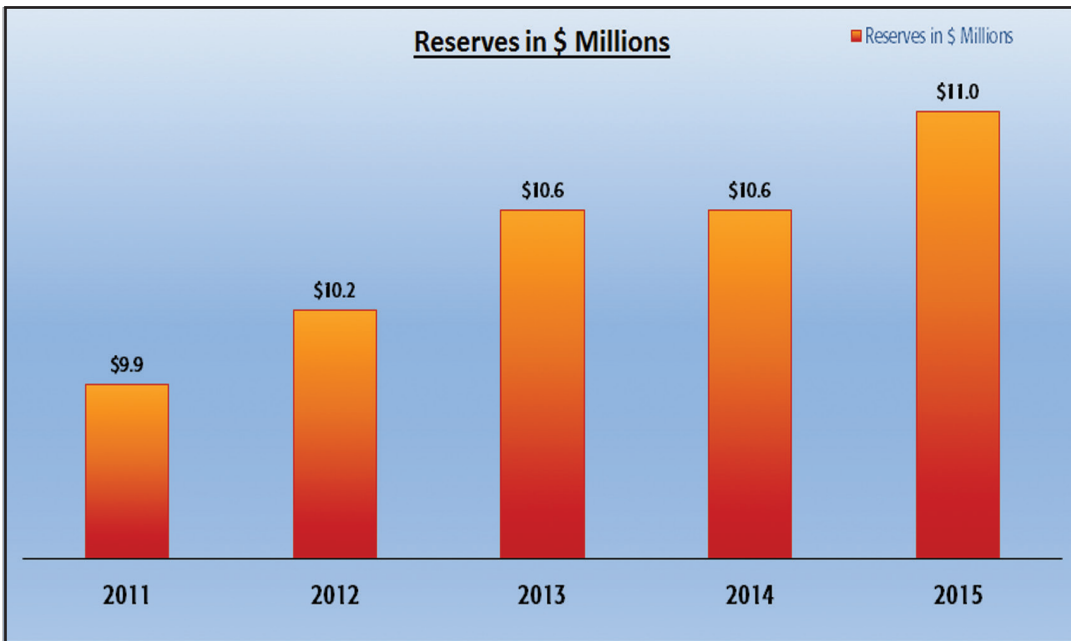
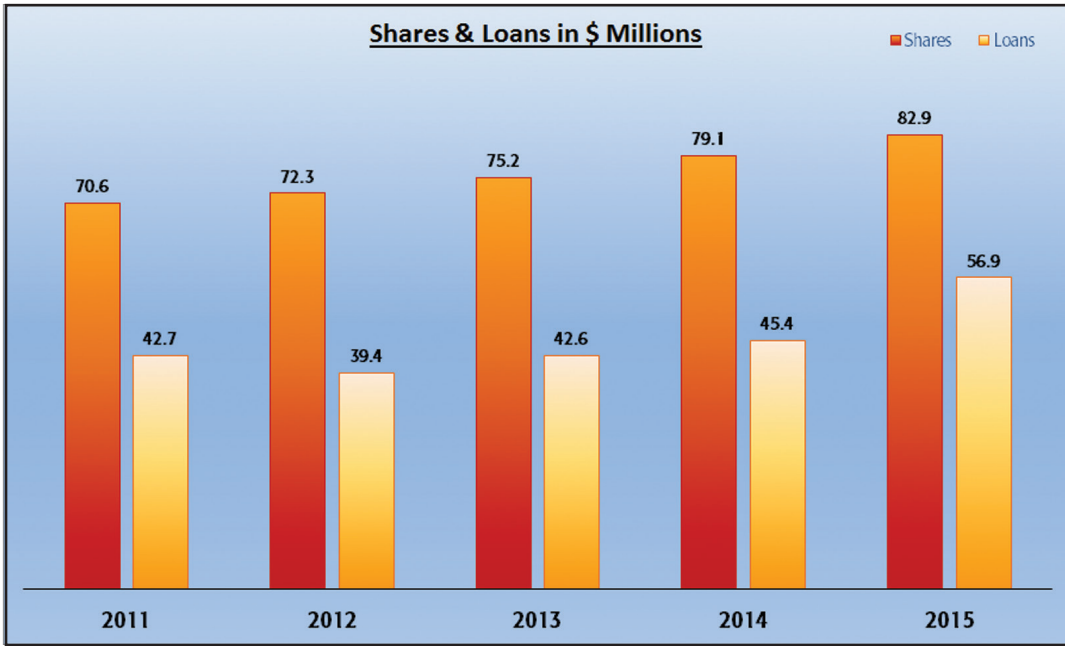
In order to streamline processes and efficiencies, the lending and financial services departments were consolidated, giving more staff members the ability to take loan applications and better serve our members. We continue to expand our business loan offerings which now include fleet financing, SBA lending, and an Express Member Business Loan program which offers an easy way to qualify for a loan up to \$50,000.

Clearpath ended the year with loans totaling \$58,896,611 which equates to an increase of just under 30%.

We thank everyone in the Clearpath family, both staff and members, for all of our success, and look forward to an even more exciting 2016.

Gerardo Guzman
VP Financial Services





★ Supervisory Committee Report ★

The Supervisory Committee retained the services of Richards & Associates, Certified Public Accountants to conduct the annual audit for the year ending June 30, 2015. The audit was conducted in accordance with generally accepted audit standards. Those standards require that the audit be planned and performed to obtain reasonable assurance that the financial statements are free from material misstatement. Their opinion stated that the financial statements of Clearpath Federal Credit Union present fairly, in all material respects, the financial condition and results of operations for the credit union in conformity with generally accepted accounting principles. In addition, no material weaknesses were noted involving internal controls. The integrity and ethical business standards of the Clearpath Management team and their resolve to operate the Credit Union according to all regulations and their commitment to sound financial management should be recognized as a major reason for our success.

Dan Cronin
Chairman

Mission Statement: We are committed to providing superior financial services and partnering with our members to improve their financial well-being.

Clearpath Federal Credit Union
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BOARD OF DIRECTORS:

Russell MorganChairman
Loree Agai Vice Chair
Larry GonzalesTreasurer
Chuck Polep..... Secretary
Steve Letko.....Director
Al Berrezueta.....Director
Caleb Gonzalez.....Director

SUPERVISORY COMMITTEE:

Dan CroninChairman
Jack Chorlian Secretary
David Freedman.....Member

CREDIT UNION:

John LeePresident & CEO
Gokhan UrkmezCFO
Gerardo GuzmanVP Financial Services
Peggy Morris VP Human Resources & Marketing
Len LaBella Director IT
Svitlana DolinkoDirector Compliance & Quality Assurance



This credit union is federally insured by the National Credit Union Administration.