



2016

Annual Report

Your Dreams | Our Mission

Report from the Chairman & President/CEO

Your Trusted Partner

Clearpath Federal Credit Union is committed to providing superior financial services and partnering with our Members to improve their financial well-being. To honor our commitment to you, Clearpath has worked tirelessly to ensure a prominent position as one of the strongest Credit Unions in the country. In fact, Bauer Financial Rating Services has again rated Clearpath with their top five-star award for our financial strength. But this rating, one we've received consistently over the past 20 years, could not have been possible without your loyalty and support!

Because of your strong allegiance and support, along with our sound lending practices and conservative financial management, your Credit Union remained extremely safe and secure. Our Net Worth of 10.67% exceeds the Federal Regulator's "well capitalized" level by almost four percentage points, delinquency and loan losses are almost half the industry average, and profitability was achieved again for the 6th consecutive year. As a result of this this and our partnership with you, Clearpath Federal Credit Union surpassed the \$100 million asset mark for the first time ever!

Innovation and Excellence

Clearpath is not just brick and mortar ... we believe, as you do, that convenience and access driven through safe and secure technology is a must. With this in mind, your Credit Union enhanced its online banking services and added mobile banking / mobile deposit features this past year. We will continue to deliver on our commitment to improve your financial well-being with even more convenience in the coming years with an ever vigilant eye on safeguarding your financial privacy.

Of all of our many accomplishments in 2016, the single most important one of all is earning and exceeding the service satisfaction you have with your Credit Union. Our most recent service satisfaction survey results revealed that over 90% of our Members were either satisfied or very satisfied with the service they received from Clearpath. We are extremely honored and grateful to know we have not only earned the trust you've placed with us, but have done so by delivering a level of service you truly enjoy and have come to expect.

Powerful Potential

Our mission is simple ... we want to be your trusted partner and provide a "clear path" to improve your financial well-being! We know that this is not an easy task, but we fully embrace the challenge and have the commitment of service to deliver on our mission to you. Our skilled and dedicated Team, and the Officials you've elected, are devoted to exceeding your expectations and continuing our successful journey together. Clearpath is well positioned for continued growth and profitability in this, and any economy, and will continue to collaborate with you in the achievement of our mutual financial goals and objectives.

On behalf of the Board of Directors, Supervisory Committee, and the Clearpath staff, I'd like to thank you for your continued partnership with your Credit Union. We look forward to continually earning your trust to care for all of your financial service needs and exceeding your service expectation as we deliver on our commitment to improve your financial well-being.

Russell Morgan, Board Chair
Edward Fox, President/CEO

Treasurer's Report

Successfully Growing

The financial strength of Clearpath continues to be in a solid position, in a recovering economic environment. This is illustrated by Clearpath surpassing the \$105 million asset mark in 2016; a fete unto itself. Shares and loans continue to grow. Clearpath shifted emphasis from investing excess capital to the funding of loans. Thus, allowing the increase in shares to be loaned at a better rate of return than investments. The credit union's strong focus on **YOU**, continues to drive the Management's desire of fulfilling the financial wellbeing of our members.

The Figures Speak For Themselves

The continuing profitability of Clearpath allows your Board and Management team to offer loan rates and deposit yields that offer a significant impact on your bottom line. In that regard, the Clearpath numbers below illustrate an overall strong credit union.

- **Assets \$105,695,831**
An increase of 8.1%
- **Total Shares/Deposits grew \$9,139,670**
An increase of 11%
- **Loan Income \$3,047,749**
An increase of 12%
- **Loans increased by over \$17 million**
An increase of 26%
- **ROA is 0.58% and after allowances and core earnings is at 0.71%**
- **Delinquencies grew a negligible 0.31 from 0.23% to 0.54%**
- **Total Loans 6,198**
An increase of 10.21%

Audit Review

The audit review was performed by Turner, Warren, Hwang & Conrad AC – An Independent Member Firm of The BDO Alliance. Noted items were quickly addressed by the management team.

The Future Beholds

Without a crystal ball, but with the expertise of a seasoned Board and Management team, it is anticipated rates will increase in 2017. Clearpath anticipates offering valued-added products which will allow our members to save for their future. The Clearpath loan rates offer an advantage for your wallet and those of family and friends too.

Our legacy continues in the Southern California area with over 62 years of service. We will continue to oversee **YOUR** financial welfare in a fiscally prudent manner. This will be accomplished while giving you the products and services that you deserve as a valued member of Clearpath.

Larry Gonzales
Treasurer

Balance Sheet

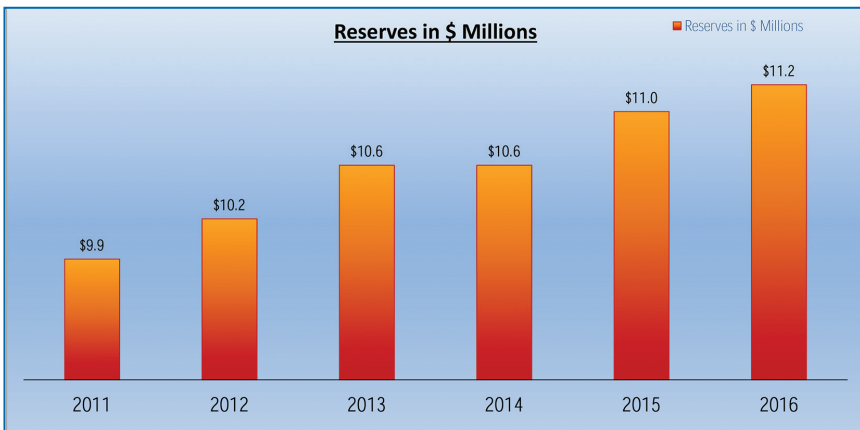
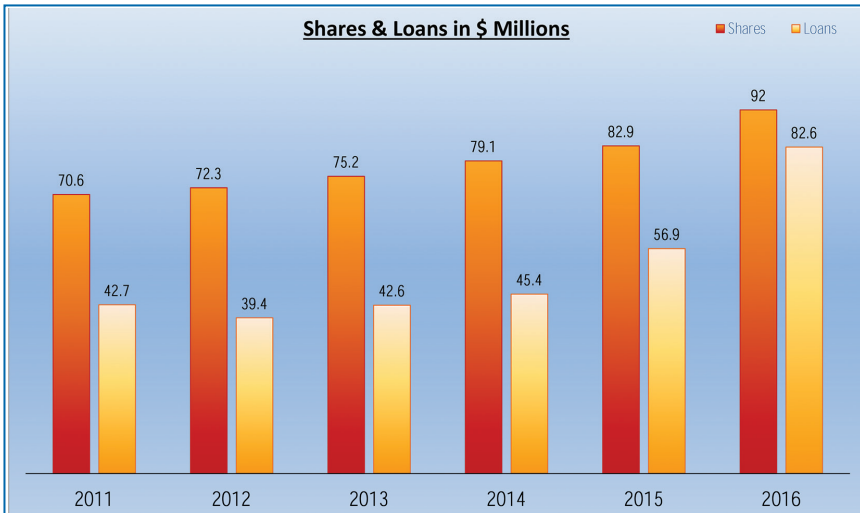
	DEC 2015	DEC 2016	VARIANCE
ASSETS			
Cash	\$6,821,859	\$11,389,104	\$4,567,245
Loans	\$65,539,566	\$82,637,537	\$17,097,971
Investments	\$19,317,116	\$7,601,331	-\$11,715,785
Fixed Assets	\$2,721,584	\$1,722,498	-\$949,086
Other Assets	\$2,736,161	\$2,295,361	-\$440,800
TOTAL ASSETS	\$97,136,286	\$105,695,831	\$8,559,545
LIABILITIES			
Accounts Payable	\$860,411	\$1,940,113	\$1,079,702
Accrued Expenses	\$146,783	\$165,281	\$18,498
Other Liabilities	\$2,197,987	\$230,010	-\$1,967,977
TOTAL LIABILITIES	\$3,205,181	\$2,335,404	-\$869,777
TOTAL SHARES/DEPOSITS			
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	\$8,471,409	\$8,761,062	\$289,653
TOTAL EQUITY	\$10,996,434	\$11,286,087	\$289,653
LIABILITIES & EQUITY	\$97,136,286	\$105,695,831	\$8,559,545

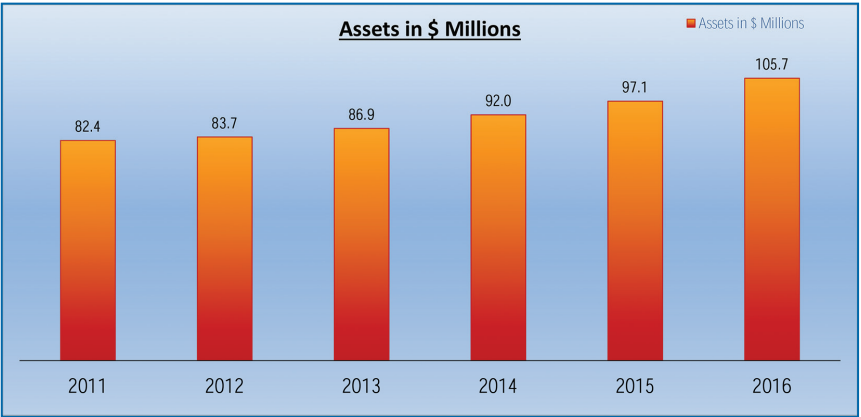
Income Statement

	DEC 2015	DEC 2016	VARIANCE
Loan Income	\$2,672,721	\$3,612,249	\$939,528
Investment Income	\$785,339	\$384,119	-\$401,220
Other Income	\$1,857,606	\$1,891,390	\$33,784
Total Operating Income	\$5,315,666	\$5,887,758	\$572,092
Salaries & Benefits	\$2,430,233	\$2,555,881	\$125,648
Office Expenses	\$1,390,371	\$1,310,619	-\$79,752
Outside Services	\$591,073	\$663,092	\$72,019
Loan Loss Provision	\$44,243	\$745,581	\$701,338
Other Expenses	\$94,082	\$251,70	\$157,624
Total Operating Expenses	\$4,550,002	\$5,526,879	\$976,877
Income Before Dividends	\$765,664	\$628,883	-\$136,781
Dividends	\$265,076	\$339,229	\$74,153
NET INCOME	\$500,588	\$289,654	-\$210,934

Statistics

	DEC 2015	DEC 2016	VARIANCE
Members	12,550	12,549	-1
Total Loans	5,565	6,198	633
Loan to Share	80%	90%	10%
Delinquency	0.31%	0.54%	0.23%





Supervisory Committee Report

The Supervisory Committee, appointed by the Board of Directors, is charged with ensuring that Clearpath Federal Credit Union member funds are secure, the Credit Union's financial records & operations are in order, and officials diligently carry out their duties in accordance with Federal regulations. During the year, the Committee met regularly to review operational and member records. Additionally, the Committee engaged Turner, Warren, Hwang & Conrad Certified Public Accountants to conduct the annual audit for the year ending June 30, 2016 to complete a full review of CFCU financial condition and performance as well as verification of members' accounts. I am pleased to report that

our Credit Union continues to operate in a safe and sound manner while preserving the integrity of our member shares and loans. On behalf of the Committee, I wish to thank the Board of Directors, Leadership and staff for their support and assistance with the fulfillment of our duties. Thank you for your confidence and trust in Clearpath FCU.

Dan Cronin
Chairman

Mission Statement

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

Board of Directors

Russell Morgan	Chairman
Loree Agai	Vice Chair
Larry Gonzales	Treasurer
Chuck Polep.....	Secretary
Steve Letko	Director
Al Berrezueta.....	Director
Dan Cronin.....	Director

Supervisory Committee

Dan Cronin.....	Chairman
Jack Chorlian.....	Secretary
David Freedman	Member

Credit Union

Edward H. Fox	President & CEO
Gokhan Urkmez	CFO
Gerardo Guzman	VP Financial Services
Len LaBella	Director IT
Peggy Morris	Director Marketing
Svitlana Dolinko.....	Director Compliance & Quality Assurance



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