



# 2020 ANNUAL REPORT

Chaffey Federal Credit Union



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# Letter From The Chair & CEO

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On behalf of our dedicated employees and volunteers, it is a great pleasure to present our 2020 Annual Report. Despite the challenging year presented by the COVID-19 pandemic, Chaffey Federal Credit Union had a strong year. We remained focused on our members, employees, and community partners and saw resilience and strength in new and innovative ways.

Chaffey members showed a strong commitment to their credit union, and we experienced strong growth in multiple areas. Most notably was the incredibly strong growth in deposits. The credit union industry saw incredible growth during 2020 as spending options were limited, federal stimulus payments, and a general flight to quality occurred. For credit unions with similar asset sizes, the national average deposit growth was about 19 percent; Chaffey FCU grew deposits at nearly 30 percent in 2020. Growth is good for any business. However, the sudden and unexpected growth in 2020 distorted many of our operating ratios. We are proud of how our teams responded to this growth and worked hard to lend and invest the new deposits. Our leadership team responded well to the challenges this created. We are very proud that our expense and efficiency ratios improved during these turbulent times and ensured our financial foundation is strong and ready for the future.

Our employees faced many challenges both at work and in their personal lives because of COVID-19. This was not uncommon as millions of Americans dealt with challenging situations. The Board of Directors and management teams are very proud of all employees at Chaffey FCU. As a great team should, the support and collaboration for each other were inspiring. Many employees needed flexible schedules to deal with childcare issues and the credit union team was able to come together and make that possible. It was not always easy and at times stressful, but the team was resilient and supportive, ensuring member service remained strong. We made some changes to support our employees, including shortening hours and closing two branches on Wednesdays. We are making plans to resume more normal operating hours and look forward to announcing those changes soon.

Our communities and community partners were also incredibly supportive and resilient during 2020. We primarily serve an education field of membership that was disrupted in unimaginable ways. We are very proud of our partner districts and schools that responded to ensure students continued to learn and grow. We remain committed to our financial education effort in our communities. We restructured our classroom lectures to work via Zoom and presented dozens of sessions during the past year. Another area we are incredibly proud of is our participation in the Paycheck Protection Program (PPP) loans. The PPP loans were part of the CARES Act to help small businesses maintain employees during shutdowns. Chaffey is not a Small Business Administration lender. However, many members were not able to get loans at other institutions and needed help. In typical Chaffey FCU fashion, we rose to that occasion. Our team put together a comprehensive program in a matter of weeks and obtained the necessary approval to fund PPP loans. The program was extended several times and Chaffey FCU continued to meet the needs of our local businesses and non-profit organizations. As of December 31, 2020, we have funded over \$3 million in PPP loans for 84 small businesses. That commitment to our community is part of Chaffey FCU and all members should be proud.

The future is very bright for Chaffey FCU. Before COVID-19 we had major plans to enhance our technology and improve our member experience. These plans are being reactivated and we plan to announce many enhancements in the coming months. Our goal is to provide members a range of options from our skilled employees to efficient, low-friction technology. That commitment is a journey, and we are excited to take impactful steps during 2021 and beyond.

Thank you for your membership!



**Don Bertucci**  
Chairman of the Board



**Kevin Posey**  
Chief Executive Officer



# 2020 Financial Report

\*as of December 31, 2020

## STATEMENT OF FINANCIAL CONDITION

| Assets              | 2020                  | 2019                  |
|---------------------|-----------------------|-----------------------|
| Loans to Members    | \$ 92,908,309         | \$ 95,322,008         |
| Investments         | 63,11,548             | 42,859,561            |
| Building            | 2,529,056             | 1,274,323             |
| Other Assets        | 41,052,277            | 17,309,598            |
| <b>Total Assets</b> | <b>\$ 199,602,190</b> | <b>\$ 156,765,490</b> |

| Liabilities              | 2020                  | 2019                  |
|--------------------------|-----------------------|-----------------------|
| Other Liabilities        | \$ 1,971,650          | \$ 2,264,764          |
| Dividends Payable        | 267,412               | 230,818               |
| Members Share            | 181,603,531           | 140,008,129           |
| <b>Total Liabilities</b> | <b>\$ 183,842,593</b> | <b>\$ 142,503,711</b> |

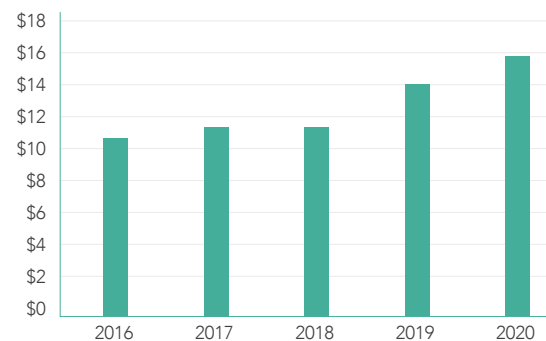
| Equity                              | 2020                  | 2019                  |
|-------------------------------------|-----------------------|-----------------------|
| Undivided Earnings                  | \$ 13,451,774         | \$ 12,929,442         |
| Reserves                            | 1,247,537             | 1,247,537             |
| Other Comprehensive                 | 1,060,286             | 84,800                |
| <b>Total Equity</b>                 | <b>15,759,598</b>     | <b>14,261,779</b>     |
| <b>Total Liabilities and Equity</b> | <b>\$ 199,602,190</b> | <b>\$ 156,765,490</b> |

## STATEMENT OF INCOME

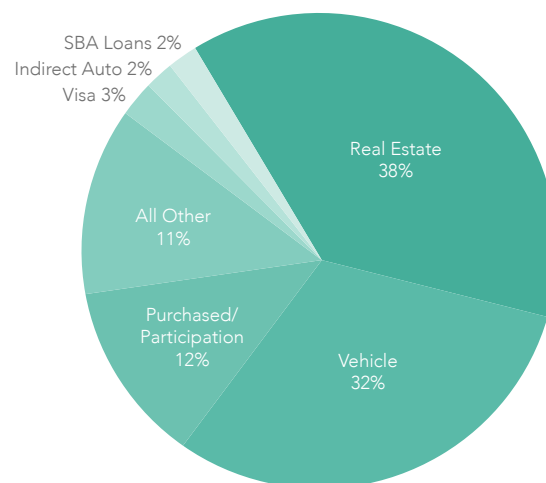
| Income                  | 2020                | 2019                |
|-------------------------|---------------------|---------------------|
| Interest on Loans       | \$ 4,359,783        | \$ 4,393,293        |
| Interest on Investments | 801,223             | 1,153,887           |
| Miscellaneous Income    | 2,053,157           | 2,003,409           |
| <b>Total Income</b>     | <b>\$ 7,214,163</b> | <b>\$ 7,550,589</b> |

| Expenses                             | 2020              | 2019              |
|--------------------------------------|-------------------|-------------------|
| Dividends to Members                 | \$ 1,120,618      | \$ 1,038,101      |
| Interest on Borrowed Money           | -                 | 1,123             |
| Office Operations                    | 5,222,783         | 5,256,614         |
| Provision for Loan Loss              | 355,229           | 270,879           |
| <b>Total Expenses</b>                | <b>6,698,630</b>  | <b>6,566,717</b>  |
| Net Operating Income                 | 515,533           | 983,872           |
| Other Non-Operating Income/(Expense) | 6,800             | (2,728)           |
| <b>Net Income</b>                    | <b>\$ 522,333</b> | <b>\$ 981,144</b> |

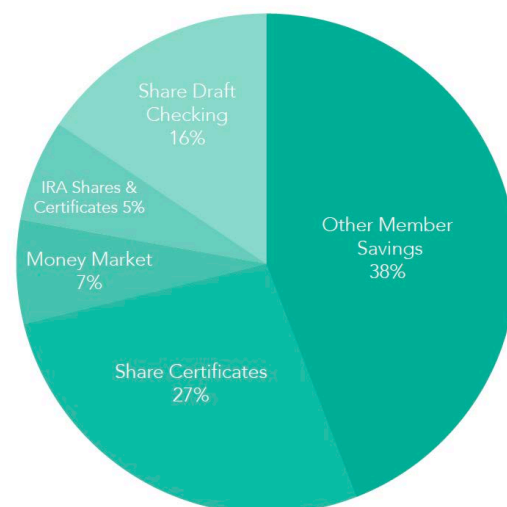
## EQUITY & RESERVES (in millions)



## LOANS (as of December 31, 2020)



## MEMBER SHARES (as of December 31, 2020)



# Department Successes & Wins



**Hilma Thomas**  
Upland Branch

## TEAM GROWTH DURING THE PANDEMIC

In the midst of everything going on, such as being short staffed due to two retirements, one maternity leave and providing coverage/support to other departments when they were short staffed the Accounting and Support Services department pushed along, made it through the year, and found something positive to concentrate on.... Our health! Dee, Isabel, Lanny, Thanya, Hilma, and now Traci have started a step challenge. Who are we challenging? Ourselves... We each set our individual goals and each night we share our steps through text to show where we ended our day. We remind one another to take breaks where we take walks and motivate one another to stay active. I'd say this is a great avenue for our emotional and physical well-being.



**Albert Cabrera**  
Upland Branch

## TRAINING TALENT THE CHAFFEY WAY

2020 was a crazy year! For Upland we saw some new faces within our staff. We hired three new Personal Account Advisors (PAA's) and one went to work at the Rancho Branch. We were able to start training our staff, which we now have 5 PAA's that can open an account and help a Member out in many ways. With multiple shared branching providers closing doors around us during the pandemic, we were able to handle the increase in lobby traffic. Upland is the training center for any new employee that is hired, and it was a team effort between Ed, Branch Operations Supervisor, and the staff to get them ready.



**Paula Menendez**  
West Covina Branch

## RISING UP TO THE CHALLENGE

2020 has been a year of change for West Covina. We had employees that adjusted their work hours to accommodate school schedules, employees that have left Chaffey completely, new employees come on board and a change in management, all of this in addition to the pandemic this past year. West Covina has persevered and thrived (I feel) with all the changes that went on.

Cynthia and Alondra both continue to add to their New Accounts training and knowledge. They are both willing to take on new accounts and work well together managing appointments and walk in members. Richard has become a part of our family and is settling in well...it is hard to find a "puzzle piece" that fits as well as he does. He has a positive attitude and is willing to take on whatever challenge is thrown at him.

West Covina funded over \$2.3 million in loans in 2020, helping members not only save money but improve and build their credit.



**Vanessa Torquato**  
Upland Branch

## HELPING THOSE IN NEED

\$3.05

Million funded in SBA  
Paycheck Protection  
Program Loans

84

Small businesses aided  
due to the impact of  
COVID-19

381

Employees that were  
able to stay on small  
business payroll

# 2020 Board of Directors & Executive Leadership Team

## SUPERVISORY COMMITTEE REPORT/STATEMENT

The responsibility of the Supervisory Committee is to ensure appropriate internal controls are in the place to protect the credit union's assets. Additionally, they ensure the credit union's accounting records are accurate and reported in a prompt manner. The committee is also responsible for hiring an accounting firm to conduct an annual verification to ensure credit union records are accurate and fairly reflect the financial standing of the credit union. The accounting firm selected by the supervisory committee is Turner, Warren, Hwang, and Conrad (TWHC). The most recent audit by TWHC expressed an unqualified opinion that the records of Chaffey FCU as of June 30, 2020 are accurate.

- Holly McDonagh, Chairperson

## DRAWING INSPIRATION FROM 2020

The pandemic affected us all in many ways, one of which being inspiration. As 2020 came to a close and a glimpse of normalcy around the corner, we asked to the team for their favorite quotes to finish off the year with high spirits. These were among our favorites:



“It doesn't get easier, you get stronger.

- Autumn Calabrese

“A Journey of a thousand leagues begins with a single step.

- Lao Tzu

“Do what you want and say what you feel because those who mind don't matter and those who matter don't mind.

- Dr. Seuss

### BOARD MEMBERS

Chair | Don Bertucci

Vice Chair | Mike Weaver

Treasurer | Patrick Schmidt

Secretary | Shirley Gasparin

Board Member | Elizabeth Freer

Board Member | Cedric de Visser

Board Member | Regina Terrones

### SUPERVISORY COMMITTEE MEMBERS

Chair | Holly McDonagh

SC Member | Sara Rodriguez

### EXECUTIVE LEADERSHIP TEAM

Chief Executive Officer | Kevin Posey

Chief Financial Officer | Diane Kotlewski

Chief Operations Officer | Sandy Velasco

Vice President of Information Services | John Woon

