2018 ANNUAL REPORT

Alta Vista Credit Union

CHAIRMAN & PRESIDENT'S MESSAGE

Dear Members,

We are pleased to report that Alta Vista Credit Union has had another successful year. Success is not measured solely by income or asset size. Success is also measured by how Alta Vista is benefiting the membership. Over the past 12 months, we have provided our members with over $54 million of low-cost loans, helping them purchase cars and homes, and pay for tuition, vacations, and pursuing their financial dreams.

Moving forward, Alta Vista's goal remains the same: to provide members with the products, services, and guidance needed to prosper financially. As a financial cooperative, our success depends on providing members with a delightful experience no matter how they choose to interact. To that end, most of 2018 was spent diligently getting ready for our IT system conversion, ensuring that the transition would be smooth with minimal downtime or major disruption to our services. We are grateful for our IT department's dedication to the conversion process. They, along with the entire staff, successfully upgraded our technology infrastructure early this year, ultimately enabling us to serve you even better. We can't thank them enough for their dedication and commitment.

We understand that your individual financial well-being has a direct correlation to the well-being of Alta Vista. We are committed to partnering with all of our members to positively impact their financial health and stability. We'd like to thank you, the membership, for your support and trust as we celebrate another year of growth and prosperity. We proudly come to work each day to serve our loyal members, and all the family members that have built this great credit union into what it is today.

We would also like to thank our Board of Directors and Audit Committee for their support, guidance, and vision to continue to allow Alta Vista the opportunity to grow. Together we can look forward to more successes to solidify our strong financial position for the years ahead.

As a credit union, we are a not-for-profit financial cooperative, providing affordable financial solutions to our member-owners. Alta Vista was founded in 1943 by volunteers who formed the Credit Union to serve civilian personnel and their families stationed at the Army Air Depot in San Bernardino, later named Norton Air Force Base. Today, we serve most of the Inland Empire, as well as those currently employed in one of many select employee groups, with over 14,000 members. Our deposits have grown to $147,444,296 and are federally insured by the National Credit Union Administration (NCUA).

Warren Anderson
Chairman of the Board

RaAnn Wood
President and Chief Executive Officer

NCUA

TREASURER'S REPORT

Alta Vista Credit Union continues to operate in a financially safe and sustainable manner, always watching out for our members' interests. We held true to our commitment to exceptional member services and prudent financial practices. We finished the year 2018 with a net income of $902,863.

The Credit Union proposed in 2018 to upgrade the data processing system in order to provide a higher degree of integrated products and services. In January of this year we completed the conversion. This allowed us to better meet the changing needs of our members - now and in the future.

We initiated several marketing projects to highlight our 75th year in the credit union industry and to improve exposures in certain types of loans and certificates.

Listed below are highlights from the year 2017 to the year 2018:

- Alta Vista's Net Worth Ratio is 8.28% and we are well capitalized according to regulations of our insurer, the National Credit Union Administration.
- Gross Loans continue to improve from $111 million to $131.4 million.
- Improving Loan to Share Ratio, from 74.3% to 89.1%.
- Reducing operating expenses by improving the Operating Expenses to Gross Income ratio from 71.4% to 66.6%.
- Improved 72 basis points in delinquencies.
- The Share Growth, or Total Deposits is one area we need to improve on, this is where you, our members can help by spreading our good name in products & services in the communities where you live.

As Treasurer of Alta Vista Credit Union, I have the distinct privilege of reporting another successful year. As always, the entire staff and the Leadership Team are to be commended.

George Tone
Treasurer

AUDIT COMMITTEE REPORT

During the last Annual Meeting of the Members, the membership approved a move to establish an Audit Committee to replace the former Supervisory Committee. The Audit Committee assists the Alta Vista Credit Union Board of Directors in fulfilling its oversight responsibilities for financial reporting, the system of internal control, the audit process and the Credit Union's process for monitoring compliance with laws, regulations, and the standards of conduct.

The Committee is comprised of three individuals, a majority (two) of whom are required to be member-elected directors currently serving on the Board, while the third member may or may not be a director. Our initial Committee is now comprised of George Tone, who is serving as the Committee chair, Jake Spoor and Stephanie Ornelas. Both George and Jake are currently serving on the Board of Directors and Stephanie is our Associate Board Member.

After being engaged by our Audit Committee, the CPA firm, Richards & Associates of Yorba Linda, California, completed our annual audit report through the fiscal year ending September 30, 2018. Their published report stated "In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alta Vista Credit Union as of September 30, 2018, and the results of its operations and its cash flows for the twelve-month period then ended in accordance with accounting principles generally accepted in the United States of America."

In addition to the annual audit by our CPA, the Audit Committee reviewed the credit union's internal controls and the results of independent internal and external audit reports. Audit findings and recommendations are discussed and reported to the Board of Directors.

The Audit Committee would like to thank Alta Vista's Audit and Compliance Manager, Shirley Quinata, for her support and assistance.

Audit Committee

VITAL STATISTICS

	2016	2017	2018
ASSETS	$151,157,758	$164,136,161	$164,961,221
LOANS			
Number	7,053	7,906	7,911
Total loans	$104,578,100	$110,998,170	$131,373,366
MEMBERSHIP			
Number	13,631	14,493	14,491
Total deposits	$137,876,715	$149,435,161	$147,444,296
NET INCOME			
Gross income	$6,486,583	$7,297,330	$7,514,011
Expenses	$5,895,332	$6,159,223	$6,219,451
Dividends and interest	$236,981	$368,802	$391,697
Net income	$354,270	$769,305	$902,863

STATEMENT OF INCOME

OPERATING INCOME	**2016**	**2017**	**2018**
Interest on members loans	$4,983,584	$6,468,702	$6,330,615
Income for investments	471,681	382,585	577,081
Non-interest income	2,005,218	2,151,301	2,432,372
Loss on fixed assets	(4,259)	(7,737)	(4,960)
TOTAL OPERATING INCOME	**$7,460,483**	**$8,994,851**	**$9,335,108**
OPERATING EXPENSES			
Salaries and payroll taxes	$2,837,041	$3,136,356	$3,084,673
Conferences and meetings	36,910	43,745	59,942
Office occupancy	608,807	496,084	530,197
Office operations	1,620,512	1,505,775	1,711,497
Education and promotion	102,213	91,937	73,965
Loan servicing	359,830	341,206	282,661
Professional and outside services	234,191	452,110	402,291
Member insurance	-	-	-
NCUSIF Stabilization Expense	-	-	-
Operating fees (examination fee)	29,102	17,933	19,709
Other operating expenses	66,724	74,077	54,516
Provision for loan loss	973,901	1,697,521	1,821,097
Interest on borrowed money	-	175	-
TOTAL OPERATING EXPENSES	**$6,869,232**	**$7,856,919**	**$8,040,548**
Net income before dividends	$591,251	$1,137,932	$1,294,560
Less dividends	236,981	368,627	391,697
Net income to undivided earnings	$354,270	$769,305	$902,863

STATEMENT OF FINANCIAL CONDITION

ASSETS	2016	2017	2018
Cash on hand	$6,361,178	$23,368,225	$5,025,031
Investments	24,474,550	16,694,295	16,700,360
Loans to members	104,644,699	110,998,170	131,373,366
Allowance for potential loan losses	(979,490)	(1,529,707)	(1,708,339)
Land, building, and other fixed assets	11,008,794	10,910,709	10,676,155
Other assets	2,648,027	3,694,469	2,894,648
TOTAL ASSETS	**$151,157,758**	**$164,136,161**	**$164,961,221**
LIABILITIES, SHARES, AND EQUITY			
Liabilities and Shares			
Accounts payable	$1,359,360	$1,952,006	$2,265,539
Shares and deposits	137,818,421	149,435,161	147,444,296
Other liabilities	-	-	1,600,000
Total Liabilities	**139,177,781**	**$151,387,167**	**$151,309,835**
Equity			
Undivided earnings	10,297,846	11,067,150	11,970,004
Regular reserve	1,680,620	1,680,620	1,680,620
Unrealized gain (loss) on securities available for sale	1,511	1,224	762
Total Equity	**$11,979,977**	**$12,748,994**	**$13,651,386**
TOTAL LIABILITIES, SHARES, AND EQUITY	**$151,157,758**	**$164,136,161**	**$164,961,221**

COMMUNITY OUTREACH

Celebrity bowling tournament benefiting the Foothill AIDS Project

Team building with a Paint Night

Our First Annual Trunk or Treat