



Alta Vista

Annual Report 2019

CHAIRMAN & PRESIDENT'S MESSAGE

Dear Members,

We made great strides in 2019 to accelerate our ability to make an impact in our community. We became stronger digitally, grew our assets, and grew our workforce, to create new opportunities for our members. These were all vital to our future growth and in the ways that we can better serve our community.

Digitally, we converted to a new core data processing system. This upgrade has made it possible to serve members more efficiently and support the credit unions growth for many years to come. This was a huge undertaking and we are thrilled to say it was successful. This new core system will also give us the ability to serve local businesses in the future. This will allow us to further serve our community. We also have the ability to now develop additional products and services for our members.

We are actively engaged in culture and leadership development as we strive to be an employer of choice. It is important that we retain and attract great employees. It is because of these exceptional and motivated employees and our dedicated and engaged volunteer board that Alta Vista Credit Union continues to provide superior service, uphold its reputation for doing what is right, and help members achieve their dreams. Thank you for being the heart and soul of Alta Vista. It is because of you that we have a remarkable history and a bright future.

Our community involvement comes from a strong belief that as a business we do not just provide jobs and income. We want to be active participants, joining with our members and others in the community to make a real difference in peoples' lives. In 2019, Alta Vista contributed to assist programs supporting arts and culture, education, housing, mental health, wellness and economic development. When we support local organizations through philanthropy and volunteerism, our communities thrive, and we create places where everyone can achieve their dreams.

This growth reflects our commitment to member service as well as our continuing efforts to offer rates and fees that are among the most attractive in our market. The credit union earned \$461.397 in gross income for 2019. Interest earned on loans to members is our largest source of income. We use gross income to pay dividends on member deposit accounts and for operating expenses. Our assets grew from \$164 million in 2018, to \$178,287,489 in 2019. We also had \$168,478,67 in shares and deposits, up from \$147,444.296 in 2018.

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. 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.

Warren Anderson

Warren Anderson

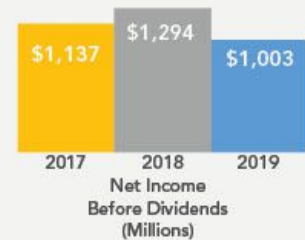
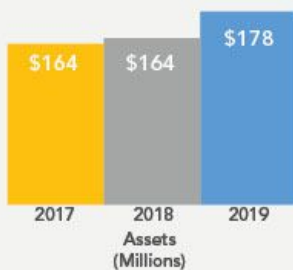
Chairman of the Board

David Justice

David Justice

President and Chief Executive Officer

VITAL STATISTICS



STATEMENT OF NET INCOME

Operating Income:	2017	2018	2019
<i>Interest on Member Loans</i>	\$6,468,702	\$6,330,615	\$7,269,329
<i>Income From Investments</i>	\$382,585	\$577,081	\$371,132
<i>Non-Interest Income</i>	\$2,151,301	\$2,432,372	\$2,287,891
<i>Loss on Fixed Assets</i>	(\$7,737)	(\$4,960)	-
Total Operating Income	\$8,994,851	\$9,335,108	\$9,928,352
Operating Expenses:			
<i>Salaries & Payroll Taxes</i>	\$3,136,356	\$3,084,673	\$3,107,776
<i>Conferences & Meetings</i>	\$43,745	\$59,942	\$117,336
<i>Office Occupancy</i>	\$496,084	\$530,197	\$597,867
<i>Office Operations</i>	\$1,505,775	\$1,711,497	\$1,496,806
<i>Education & Promotion</i>	\$91,937	\$73,965	\$282,234
<i>Loan Servicing</i>	\$341,206	\$282,661	\$817,948
<i>Professional & Outside Services</i>	\$452,110	\$402,291	\$511,794
<i>Member Insurance</i>	-	-	-
<i>NCUSIF Stabilization Expense</i>	-	-	-
<i>Operating Fees (Examination Fees)</i>	\$17,933	\$19,709	\$22,229
<i>Other Operating Expenses</i>	\$74,077	\$54,516	\$100,736
<i>Provision For Loan Loss</i>	\$1,697,521	\$1,821,097	\$1,864,986
<i>Interest on Borrowed Money</i>	\$175	-	\$5,271
Total Operating Expense	\$7,856,919	\$8,040,548	\$8,924,983
<i>Net Income Before Dividends</i>	\$1,137,932	\$1,294,560	\$1,003,369
<i>Less Dividends</i>	\$368,627	\$391,697	\$541,972
<i>Net Income to Undivided Earnings</i>	\$769,305	\$902,863	\$461,397

STATEMENT OF FINANCIAL CONDITION

Assets	2017	2018	2019
<i>Cash on Hand</i>	\$23,368,225	\$5,025,031	\$18,852,171
<i>Investments</i>	\$16,694,295	\$16,700,360	\$9,515,284
<i>Loans to Members</i>	\$110,998,170	\$131,373,366	\$136,182,769
<i>Allowance for Potential Loan Loss</i>	(\$1,529,707)	(\$1,708,339)	(\$1,964,770)
<i>Land, Building, & Other Fixed Assets</i>	\$10,910,709	\$10,676,155	\$10,654,971
<i>Other Assets</i>	\$3,694,469	\$2,894,648	\$5,047,014
Total Assets	\$164,136,161	\$164,961,221	\$178,287,439
Liabilities & Shares			
<i>Accounts Payable</i>	\$1,952,006	\$2,265,539	\$696,747
<i>Shares & Deposits</i>	\$149,435,161	\$147,444,296	\$163,478,167
<i>Other Liabilities</i>	-	\$1,600,000	-
Total Liabilities	\$151,387,167	\$151,309,835	\$164,174,914
Equity			
<i>Undivided Earnings</i>	\$11,067,150	\$11,970,004	\$12,431,402
<i>Regular Reserve</i>	\$1,680,620	\$1,680,620	\$1,680,620
<i>Unrealized Gain (Loss) on Securities Available For Sale</i>	\$1,224	\$762	\$503
Total Equity	\$12,748,994	\$13,651,386	\$14,112,525
Total Liabilities, Shares, & Equity	\$164,136,161	\$164,961,221	\$178,287,439

TREASURER'S REPORT

For the year ending December 31, 2019, Alta Vista Credit Union ("AVCU") realized another year of financial growth during its 75th year of operations. Listed below are highlights as well as milestones:

- AVCU is well capitalized with a Net Worth Ratio of 7.91%
- Total Assets increased 8.1%, for an increase of \$13.33 million to \$178,287,439
- Member Deposits increased 10.9% for an increase of \$16.1 million to \$163,478,167
- Gross Loans increased 3.7% to \$136,182,769, with increases reflected in all loan classifications
- Loan to Share Ratio consistently was maintained greater than 80%, closing the year at 83.3%
- Net income of \$461,397 was distributed to regular reserves and undivided earnings
- Equity totaled \$14.11 million (more precisely \$14,112,525).

2019 marked AVCU's migration to a new financial maintenance system. While some technical hiccups occurred, the staff resolved them for our members. 2019 also marked our bidding a fond farewell to retiring CEO, Mrs. RaAnn Wood. We are proud to announce that the Credit Union promoted from within and named Mr. David Justice, as AVCU's new CEO.

Beginning 2020, AVCU will be offering new products while striving continually to improve service to members. Some new financial products and services were rolled out in early 2020.

During the current COVID-19 pandemic, AVCU has instituted additional measures to maintain financial stability and security as this is precisely the time to apply lessons learned and deliberate carefully and decisively all options.

Respectfully submitted,

George Tone

George Tone
Treasurer
July 9, 2020

AUDIT COMMITTEE REPORT

Credit unions in the United States are mandated by law to establish an Audit/Supervisory Committee to provide financial oversight of the credit union. Its objectives are to ensure management's financial reporting objectives have been met, and to ensure that management's practices and procedures safeguard members' assets.

In fulfilling this responsibility, the Audit Committee of Alta Vista Credit Union ("AVCU"):

- Oversees the Internal Audit Department that reports functionally to the Audit Committee and reports administratively to the CEO
- Evaluates the adequacy, effectiveness, and soundness of internal controls established by AVCU management
- Investigates and responds in a timely manner to written member inquiries

The Audit Committee itself does not prepare nor audit financial statements. It appoints an independent certified public accounting firm to conduct an annual audit of AVCU's financial statements. Richards & Associates has been engaged to audit all financial statements for the

period beginning October 1, 2018 through September 30, 2019, to render an opinion whether the financial statement was fairly presented in all material respects and without disagreement from management. The Audit Committee additionally reviews policies and procedures for the DBO/NCUA ("Department of Business Oversight/National Credit Union Association") audit engagement, as well as reviewing independent internal and external audit reports.

One item cautioned by the independent auditors, concerned a vacancy in the Finance & Accounting Department that potentially affected continuity in accounting processes and proper supervision. In response to the item cautioned, AVCU's CFO has hired an Assistant Controller and a Project Manager for the department.

Together with these hirings and the appointment of a new Compliance Manager, AVCU is prepared to traverse any financial challenges ahead.

Respectfully submitted,

Audit Committee
July 8, 2020

OUR COMMUNITY | YOUR CREDIT UNION

