

## TREASURER'S REPORT

The year 2020 was both extraordinary and unforgettable. The Coronavirus pandemic reared itself domestically: it decimated American families, bankrupted mom-and-pop as well as long-established businesses, and left millions jobless and homeless. Internationally: it caused a global recession. It is safe to say that the pandemic's residual effect will last for many years to come, including ushering in inflation and our federal deficit reached its highest -- over \$3 trillion. As of this writing, buoyed by the upticks in business sectors commenced, hundreds of thousands of jobs added in January, February, and March, huge amounts of liquidity in the marketplace, and the recent passage of the federal government's \$1.9 trillion stimulus bill, 2021 should be a better year economically.

In the midst of this environment, AVCU has continued to grow for its members and strived to achieve a sense of balance as well as progress in the year 2020. Listed below are highlights as well as milestones:

- AVCU is well-capitalized with a Networth Ratio of 7.14%.
- Net Income of \$1,043,806 was distributed to regular reserves and undivided earnings. It represents an increase of \$582,408 from 2019.
- Loan to Share Ratio (or loan demand) decreased significantly due to the Covid-19 pandemic, closing the year at 54.24% from 83.3% in the year 2019.
- Gross Loans decreased 22.44% to \$105.84 million, with decreases reflected in all loan classifications.
- Member Deposits increased 19.36% or an increase of \$31.6M to \$195.12M.
- Total Equity increased by \$1,043,722 in one year to \$15,156,247.
- Total Assets grew 19.07%, or an increase of \$34 million to \$212,292,003.

The management team of AVCU remains optimistic in asset growth and committed to maintaining Networth Ratios. Its sound and conservative business practices will continue to safeguard the financial wellbeing of our members.

The management team, its team members, and the Board of Directors truly appreciate the continuous confidence and the sustained support of our members.

Respectfully submitted,

*George Tone*

George Tone  
Treasurer  
April 2, 2021

## AUDIT COMMITTEE REPORT

As a State Chartered, Federally Insured credit union, Alta Vista Credit Union has a Audit Committee with two fundamental responsibilities: to ensure that the credit union's financial statements have absolute integrity, and to see that the credit union's internal controls and risk management systems are effective. In essence, we are the volunteer guardians of your credit union's financial soundness.

To carry out our responsibilities we work with an Alta Vista Compliance Manager, Stephanie Wilder. Our committee reviews the credit union's monthly financial statements and monitors its financial condition on an ongoing basis. We provide our comments, trend information and peer data to the Board of Directors. Our responsibilities include engaging a CPA firm to conduct the annual financial audit required by the State of California and closed account verification.

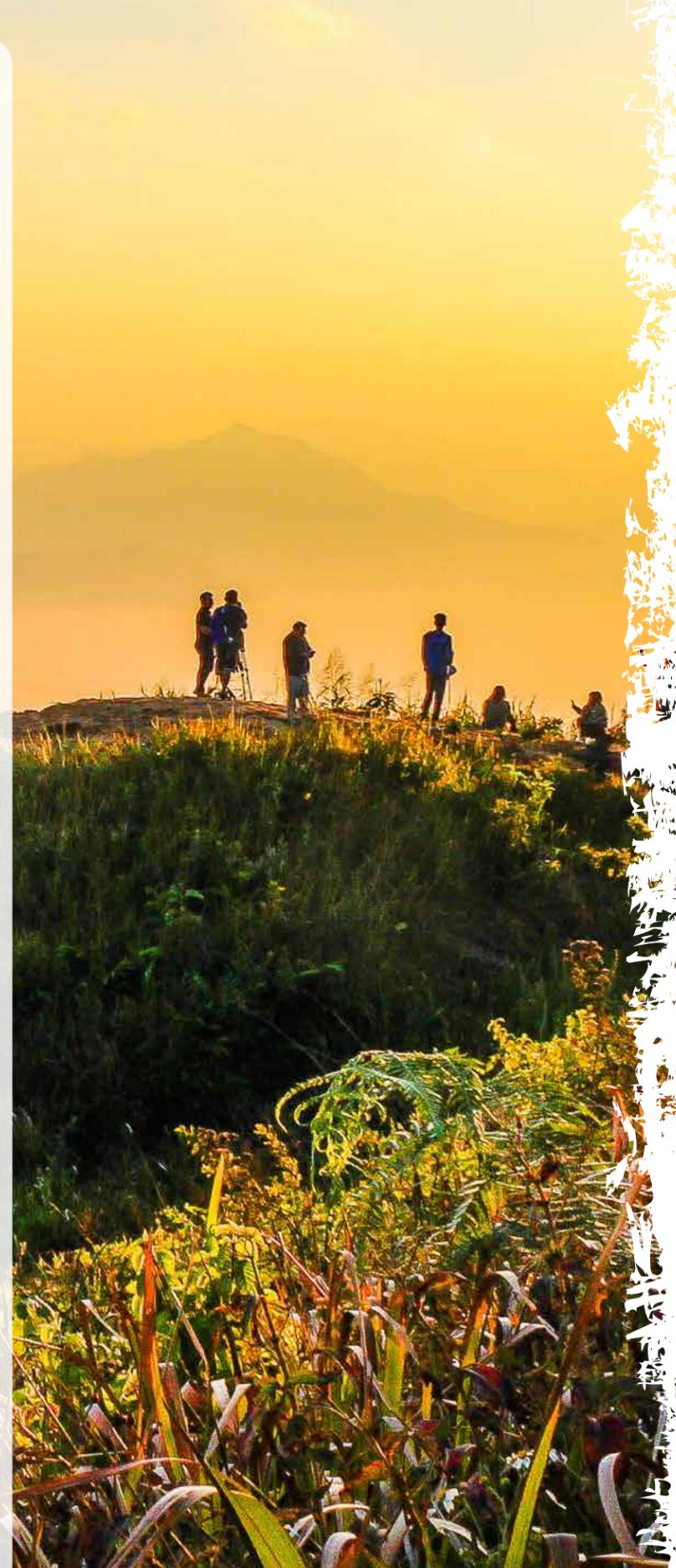
We also review the credit union's management of its internal controls through the Compliance Manager reports, and engage external auditors as needed. Further, we review the results of regulatory compliance examinations conducted by state or federal examiners as well as independent internal and external audit reports. Audit findings and recommendations are discussed and presented to staff and the status reported to the Board of Directors.

The accounting firm of Turner, Warren, Hwang & Conrad AC, our independent auditor, has completed our annual audit report. 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 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America."

The Committee thanks you, our members, for your continued trust and support of this credit union. Please feel free to contact the committee at P.O. Box 11495, San Bernardino, CA 92423-1495. We encourage members to consider giving their time to participate in the volunteer oversight management of your credit union. Here is a link to learn about how to volunteer and the duties involved, <https://www.altavistacu.org/about-us/officials-and-volunteers> on the Alta Vista Website.

*Stephanie Ornelas*

Stephanie Ornelas  
Audit Chairwoman



# Alta Vista

## Annual Report 2020

# CHAIRMAN & PRESIDENT'S MESSAGE

To Our Members,  
As we navigate the challenge of 2020, the only clear certainty was that the COVID-19 pandemic affected every member and employee of Alta Vista Credit Union in some way. We all faced significant and unique challenges this year.

At the onset of the pandemic, we identified three goals to be our guide. These goals were:

1. Keep staff and members safe and healthy
2. See no decline in member service
3. Remain financially strong and grow Alta Vista for the future

We were able to implement steps that allowed us to achieve these goals due to our Business Continuity Plan, that is updated annually. As member of this team, all our scenarios we prepared for, none of us ever thought a pandemic was likely. But we were prepared. In the span of a few days in March, we reduced our hours in our branches, limited the number of members in the lobby at one time, established remote work for several employees and stayed safe while maintaining the ability to perform all essential business operations.

We contacted members and staff about social distancing and other CDC guidelines often. We installed plexiglass barriers, required masks for all members and staff, and provide hand sanitizer at all locations. Like many businesses, we couldn't avoid COVID-19 completely. But because of our precautions, there was no spread of the virus among staff, nor any disruptions of service at the Redlands branch.

To serve our membership, branch personnel adapted to jobs in our Call Center to help handle the increase of incoming calls. Not only did our staff answer more calls and emails, members called to check on how we were

doing. To help our membership even more, we also increased the number of skip-a-pays allowed, waived fees on early withdrawals and cash advances, and approved forbearance requests on loans.

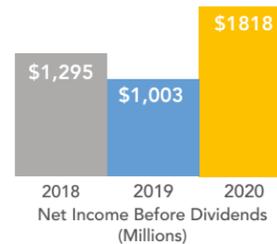
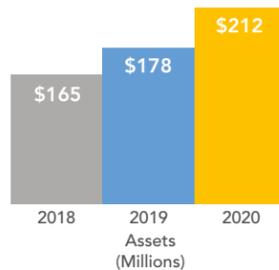
Throughout all these adaptations, we have grown! We crossed a major milestone in 2020 when we went over \$200 million in assets. This growth reflects our commitment to member service as well as our continuing efforts to offer rates and fees that are among the most attractive in our market. The credit union earned \$1,043,806 in net income for 2020. Interest earned on loans to members is our largest source of income. Our assets grew from \$178 million in 2019, to \$212 million in 2020. We also had \$195,123,780 million in shares and deposits, up from \$163,478,167 million in 2019.

We would also like to thank our Board of Directors and Audit Committee for their support, guidance, and vision to continue allowing 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.

*Vincent Laster*  
Vincent Laster  
Chairman of the Board

*David Justice*  
David Justice  
President and Chief Executive Officer

## VITAL STATISTICS



## STATEMENT OF NET INCOME

Operating Income:	2018	2019	2020
Interest on members loans	\$6,330,615	\$7,269,329	\$6,388,859
Income from investments	\$577,081	\$371,132	\$344,334
Non-interest Income	\$2,432,372	\$2,287,891	\$2,172,993
Loss on Fixed Assets	\$(4,960)	-	-
<b>Total Operating Income</b>	<b>\$9,335,108</b>	<b>\$9,928,352</b>	<b>\$8,906,186</b>
Operating Expenses:			
Salaries and payroll taxes	\$3,084,673	\$3,107,776	\$2,918,188
Conferences and meetings	\$59,942	\$117,336	\$24,040
Office occupancy	\$530,197	\$597,867	\$558,633
Office operations	\$1,711,497	\$1,496,806	\$1,951,311
Education and promotion	\$73,965	\$282,234	\$171,748
Loan servicing	\$282,661	\$817,948	\$390,029
Professional & Outside Services	\$402,291	\$511,794	\$721,171
Member insurance	-	-	-
NCUSIF Stabilization Expense	-	-	-
Operating Fees (Examination fees)	\$19,709	\$22,229	\$41,742
Other operating expenses	\$54,516	\$100,736	\$80,624
Provision for loan loss	\$1,821,097	\$1,864,986	\$230,960
Interest on borrowed money	-	\$5,271	\$0
<b>Total Operating Expense</b>	<b>\$8,040,548</b>	<b>\$8,924,983</b>	<b>\$7,088,446</b>
Net income before dividends	\$1,294,560	\$1,003,369	\$1,817,740
Less dividends	\$391,697	\$541,972	\$773,935
Net income to undivided earnings	\$902,863	\$461,397	\$1,043,805

## STATEMENT OF FINANCIAL CONDITION

Assets:	2018	2019	2020
Cash on hand	\$5,025,031	\$18,852,171	\$60,761,030
Investments	\$16,700,360	\$9,515,284	\$28,101,057
Loans to members	\$131,373,366	\$136,182,769	\$105,843,029
Allowance for potential loan losses	\$(1,708,339)	\$(1,964,770)	\$(1,152,107)
Land and Bldg & Other Fixed Assets	\$10,676,155	\$10,654,971	\$10,475,692
Other assets	\$2,894,648	\$5,047,014	\$8,263,303
<b>Total Assets</b>	<b>\$164,961,221</b>	<b>\$178,287,439</b>	<b>\$212,292,003</b>
Liabilities and Shares			
Accounts payable	\$2,265,539	\$696,747	\$2,011,976
Shares and Deposits	\$147,444,296	\$163,478,167	\$195,123,780
Other liabilities	\$1,600,000	-	-
<b>Total Liabilities</b>	<b>\$151,309,835</b>	<b>\$164,174,914</b>	<b>\$197,135,756</b>
Equity			
Undivided earnings	\$11,970,004	\$12,431,402	\$13,475,208
Regular reserve	\$1,680,620	\$1,680,620	\$1,680,620
Unrealized gain (loss) on securities available for sale	\$762	\$503	\$420
<b>Total Equity</b>	<b>\$13,651,386</b>	<b>\$14,112,525</b>	<b>\$15,156,247</b>
<b>Total Liabilities, Shares and Equity</b>	<b>\$164,961,221</b>	<b>\$178,287,439</b>	<b>\$212,292,003</b>
Net income to undivided earnings	\$902,863	\$461,397	\$1,043,805