



2019

ANNUAL REPORT



CHAIRMAN & CEO LETTER

On behalf of our dedicated employees and volunteers, it is a great pleasure to present our 2019 Annual Report. Chaffey Federal Credit Union had a strong year due to strong participation of our member-owners. Chaffey members engaged the credit union in various new ways, which enable our continued growth and ability to support our communities.

In late 2018, we decided to focus on strengthening our balance sheet as opposed to growing it. A strong balance sheet is critical to any organization's ability to weather uncertainty. Although growth was not the focus, the credit union's assets did increase from \$154.6 million in December 2018 to \$156.7 million in December 2019. A cornerstone of Chaffey's success is the ability to grow loans for our members. That was a critical focus in 2019, and we were extremely successful. Chaffey was able to grow core loans from \$72.3 million in 2018 to \$82.3 million in 2019, a 13.74% increase. Core loans include all consumer and real estate loans directly lent to a Chaffey FCU member, but exclude indirect or loans purchased via participation. The double-digit growth in 2019 followed 21.37% growth in 2018. Ensuring we are meeting the needs of our members for auto loans, mortgages, credit cards and other personal loans is a high priority. We are proud of these results and will continue to serve our members' borrowing needs. Deposits remained steady at \$140 million during 2019. One of the critical measures of strength in a financial institution is the net worth ratio. We were able to strengthen that net worth ratio from 8.38% in December 2018 to 9.04% in December 2019. Chaffey's net income was \$981,000 in 2019, up from \$620,000 in 2018. The 2019 return on assets ratio was 0.63%, versus 0.41% in 2018.

While financial results are always important, they really matter more because they enable the credit union to invest in our communities. While Chaffey FCU continues to evolve, we work to maintain that original spirit of people helping people with a commitment to the people that make our communities great. We see financial education as one of the primary areas that we can impact people, and we made a major commitment to financial education several years ago. That commitment will only continue to grow.

Another way we strongly believe we can benefit our communities is making donations to many of our wonderful education and non-profit organizations. The Inland Empire and San Gabriel Valleys are home to some amazing organizations positively impacting thousands of residents. We always look for ways to support them. During 2019, Chaffey FCU donated more than \$33,000 to dozens of local charities and schools. As a Chaffey member, you make these donations possible!

We are both very proud of Chaffey Federal Credit Union's accomplishments. We are also excited for the future. Thank you for your membership.



Don Bertucci
Chair of the Board



Kevin Posey
Chief Executive Officer

2019 FINANCIALS

As of December 31, 2019

STATEMENT OF INCOME

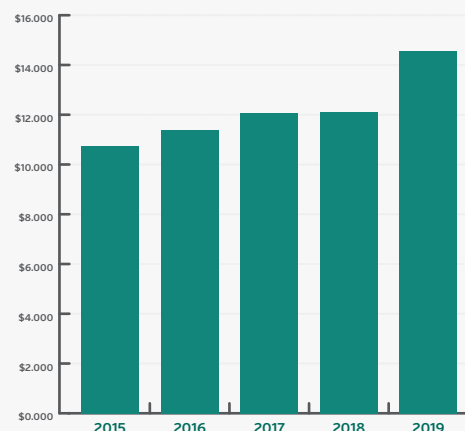
Income	2019	2018
Interest on Loans	\$ 4,393,293	\$ 3,825,713
Interest on Investments	1,153,887	1,104,136
Miscellaneous Income	2,003,409	1,660,465
Total Income	\$ 7,550,589	\$ 6,590,314
Expenses	2019	2018
Dividends to Members	\$ 1,038,101	\$ 698,825
Interest on Borrowed Money	1,123	10,518
Office Operations	5,256,614	4,940,677
Provision for Loan Loss	270,879	297,746
Total Expense	\$ 6,566,717	\$ 5,947,766
Net Operating Income	\$ 983,872	\$ 642,548
Other Non-Operating Income/ [Expense]	\$ [2,728]	\$ [22,193]
Net Income	\$ 981,144	\$ 620,355

STATEMENT OF FINANCIAL CONDITION

Assets	2019	2018
Loans to Members	\$ 95,287,178	\$ 90,706,790
Investments	42,859,561	48,736,895
Building	1,274,323	1,302,195
Other Assets	17,344,428	13,866,500
Total assets	\$ 156,765,490	\$ 154,612,380
Liabilities	2019	2018
Other Liabilities	\$ 2,264,764	\$ 2,649,437
Dividends Payable	230,818	158,897
Members' Shares	140,008,129	140,010,233
Total Liabilities	\$ 142,503,711	\$ 142,818,567
Equity	2019	2018
Undivided Earnings	\$ 12,929,442	\$ 11,713,812
Reserves	1,247,537	1,247,537
Other Comprehensive Income	84,800	[1,167,536]
Total Equity	\$ 14,261,779	\$ 11,793,813
Total Liabilities & Equity	\$ 156,765,490	\$ 154,612,380

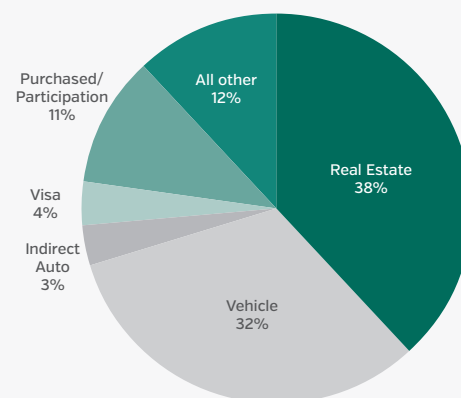
EQUITY & RESERVES

[in millions]



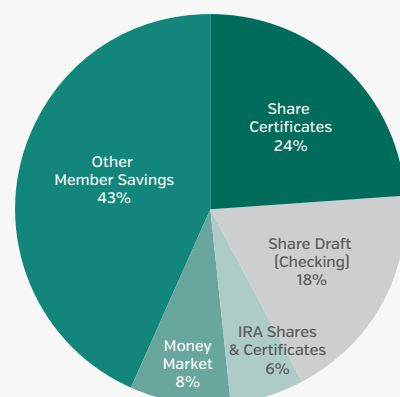
LOANS

As of December 31, 2019



MEMBER SHARES

As of December 31, 2019



SUPERVISORY COMMITTEE'S REPORT

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, 2019 are accurate.

Holly McDonagh
Supervisory Committee Chair

BITE OF REALITY FINANCIAL LITERACY EVENTS

Our flagship financial education program is the Bite of Reality financial simulation, and we have partnered with the Richard Myles Johnson Foundation to offer that program to local schools and community organizations. During 2019, we held more than 10 events at eight schools, reaching over 4,000 students. The Bite of Reality gives students hands on experience and skills to make good decisions with their finances.

We are also actively involved with many local high schools to present information on banking, budgeting, credit scores, loans, savings, and taxes in classrooms in highly interactive sessions. Keep an eye on Chaffey.com in the second half of 2020 as we unveil more amazing resources and content related to personal financial management.



2019 BOARD OF DIRECTORS & EXECUTIVE LEADERSHIP TEAM

Board Members

- Chair** | Don Bertucci
- Vice Chair** | Patrick Schmidt
- Treasurer** | Mike Weaver
- Secretary** | Shirley Gasparin
- Board Member** | Elizabeth Freer
- Board Member** | Cedric De Visser
- Board Member** | Regina Terrones

Supervisory Committee Members

- Chair** | Holly McDonagh
- SC Member** | Edward Weise
- 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