



# ANNUAL REPORT

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*Your Community Partner.*

# CHAIR AND PRESIDENT'S MESSAGE

For over 70 years, AltaOne has served the financial needs of its members and their families. The credit union has grown from a single location located in China Lake to over 11 locations from southern and western Kern County, through the eastern Sierra corridor. AltaOne's primary focus is to assist members in realizing their financial goals and objectives.

This past year, we have had varied opportunities to partner with our communities. AltaOne developed programs under the guidelines of the COVID pandemic. The credit union adjusted operating hours of its Member Service Centers to limit personal contact with its members while still allowing the credit union to provide personalized service. The pandemic risks of members and staff interaction were constantly evaluated helping the credit union to continue to serve its members through its Member Service Center lobbies. Members financially impacted turned to AltaCares for individual solutions; and businesses in our communities benefitted from AltaOne joining with Kern County to deploy CARES Act funds through the Kern Recovery Small Business Forgivable Loan program.

Working together, members realized financial dreams. In 2020, the credit union funded over 5,000 consumer loans. Mortgage lending increased by 26% over the prior year; and there was a decrease in loan charge-offs, a positive result of the AltaCares team partnering with members who struggled with the effects of COVID.

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# CHAIR AND PRESIDENT'S MESSAGE

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The Credit Union mission going forward is clear. We continue to work with the communities we serve through continuously improving service, products, and through instilling a culture of accountability in our team. AltaOne pledges to partner with its members to make lives and communities better.

In January 2021, our CEO/President retired, which resulted in the Board of Directors conducting an in-depth search for a new leader and is confident they will hire an excellent executive.

AltaOne's regulator, the NCUA, continues to rate the credit union "Well Capitalized". This rating is only possible through the faith you, our members, place in your credit union. Thank you for your support. We look forward to continuing our partnership with you, and to a prosperous future.

**Margie Hannon**  
Chair

**Denise Mattice**  
Acting CEO/COO

# TREASURER'S REPORT

As the current Board Treasurer, I would like to assure all members that AltaOne continues to remain firmly committed to the safe management of its assets on behalf of its member-owners.

Throughout 2020, management continued to place focus on deposit accounts that resulted in a 17.8% increase in regular shares (savings) balances, and 25.9% increase in share draft (checking) balances. These accounts increased in 2020 due to government stimulus payments as well as lower member spending throughout the pandemic. Share certificate balances, in contrast, declined 4.0% in 2020.

Total loan balances declined 13.6% in 2020, largely because of declines in auto loan balances due to lower spending during the pandemic. The mortgage loan portfolio was relatively flat to the end of 2019. The decline of outstanding loan balances along with the influx of member deposits led to a significant increase in additional available liquidity.

AltaOne continued to stress cost controls throughout the year, especially given the pandemic-driven uncertainties. Total operating expenses reflected a decline over the prior year. Total employee compensation expenses were reduced as compared to 2019. Additionally, marking a significant improvement, the net charge-off ratio declined from 1.82% to 1.36%.

# TREASURER'S REPORT

Despite enhanced cost controls in 2020, the markedly lower interest rates and the pandemic environment generated lower loan and investment income compared to 2019. This resulted in reduced non-interest income. At year-end, in response to market projections, the credit union elected to bolster its loan loss reserve position. As a result, total net income for 2020 reflected a loss of \$1.05 million versus a \$1.63 million gain in 2019. AltaOne's net worth position in 2020 declined to 9.22% from 10.53% in 2019. However, according to NCUA guidelines, AltaOne Federal Credit Union remains a "Well Capitalized" institution.

**Elaine Janson**  
Treasurer

# SUPERVISORY COMMITTEE'S REPORT

The Board of Directors appoints up to five volunteers to the Supervisory Committee each year. These volunteers are AltaOne members from your communities who have professional experiences, personal convictions, and overall qualities that will help ensure the decisions and actions of the Board of Directors and the management team adequately safeguard the membership's assets.

In 2020, the Supervisory Committee commissioned independent operational audits in key areas of system access and network security, regulatory compliance, and adherence to operational controls. The Supervisory Committee directly reported the results of their supervision to the Board of Directors noting any resolution of concern. The Supervisory Committee also commissioned the organization's annual external financial audit.

During 2020, the Supervisory Committee observed an overall sound business strategy as observed through constant monitoring and the external auditing of AltaOne's activities. The federal regulator, the National Credit Union Administration (NCUA), determined AltaOne "well-capitalized." This is a direct result of consistent performance management and expense controls. The consistent oversight helps ensure your Credit Union's ability to weather future economic, regulatory, or environmental challenges while maintaining sound internal controls to better serve our member-owners.

## **Supervisory Committee**

## FINANCIALS-AUDITED

Year Ending December 31, 2020  
Dollars in Thousands

## STATEMENTS OF INCOME and COMPREHENSIVE INCOME

	2020	2019
<b>Interest Income</b>		
Loans	\$ 22,947	\$ 25,805
Investments and Cash Equivalents	1,061	2,621
<b>Total Interest Income</b>	<b>24,008</b>	<b>28,426</b>
<b>Interest Expense</b>		
Dividends on Members' Shares	1,335	1,397
<b>Total Interest Expense</b>	<b>1,335</b>	<b>1,397</b>
<b>Net Interest Income</b>	<b>22,673</b>	<b>27,029</b>
Provision for Loan Losses	7,144	6,513
<b>Net Interest Income After Provision for Loan Losses</b>	<b>15,529</b>	<b>20,516</b>
<b>Noninterest Income (Loss)</b>		
Service Charges and Other Fees	4,012	4,930
Other Noninterest Income	3,275	3,008
Gain (Loss) on Sales of Loans Held-for-Sale	43	(78)
<b>Total Noninterest Income</b>	<b>7,329</b>	<b>7,861</b>
<b>Noninterest Expense</b>		
Salaries and Benefits Expenses	10,672	11,961
Operations Expenses	7,553	7,962
Loan Servicing	3,576	4,744
Occupancy Expenses	2,108	2,078
<b>Total Noninterest Expense</b>	<b>23,909</b>	<b>26,745</b>
<b>Net (Loss) Income, Before Comprehensive (Loss) Income</b>	<b>(1,051)</b>	<b>1,632</b>
<b>Other Comprehensive (Loss) Income</b>		
Unrealized Holding Gain Arising During the Year		
On Available-for-Sale Investments	615	566
<b>Total Other Comprehensive Income</b>	<b>615</b>	<b>566</b>
<b>Total Comprehensive (Loss) Income</b>	<b>\$ (436)</b>	<b>\$ 2,198</b>

## STATEMENTS OF FINANCIAL CONDITION

<b>Assets</b>		
Cash and Cash Equivalents	\$ 212,510	\$ 118,638
Investments		
Available-for-Sale	60,682	16,054
Loans, Net	376,100	438,281
Accrued Interest Receivable	1,551	1,859
Restricted Equity Securities	1,425	1,425
Premises and Equipment, Net	12,434	13,581
National Credit Union Share Insurance Fund (NCUSIF) deposit	5,462	5,082
Credit Union-Owned Life Insurance	14,048	13,717
Foreclosed and Repossessed Assets	1,279	1,064
Other Assets	2,912	3,023
<b>Total Assets</b>	<b>\$ 688,402</b>	<b>\$ 612,723</b>
<b>Liabilities and Members' Equity</b>		
Liabilities		
Members' Shares	\$ 616,149	\$ 541,317
Accrued Expenses and Other Liabilities	8,089	6,808
<b>Total Liabilities</b>	<b>624,239</b>	<b>548,125</b>
Commitments and Contingent Liabilities		
Members' Equity		
Retained Earnings	63,471	64,522
Accumulated Other Comprehensive Income	692	77
<b>Total Members' Equity</b>	<b>64,163</b>	<b>64,599</b>
<b>Total Liabilities and Members' Equity</b>	<b>\$ 688,402</b>	<b>\$ 612,723</b>

## BOARD OF DIRECTORS

Margie Hannon.....	Chair
Jay Chun .....	Vice Chair
Shirley Kennedy .....	Secretary
Elaine Janson .....	Treasurer
Don Cortichiato.....	Member
Norman Alexander.....	Member
John Little.....	Member

## SUPERVISORY COMMITTEE

Gill Cornell .....	Chair
Kelly Youngstrom .....	Secretary
Christopher Costoso.....	Member
Kathryn Killinger.....	Member

## SENIOR MANAGEMENT TEAM

Denise Mattice .....	Acting CEO/COO
Moritz Wohanka .....	CFO
John Curl .....	SVP, Financial Risk Officer

## MEMBER SERVICE CENTER LEADERS

Colleen Bulgarelli .....	Kernville, Lake Isabella
Jessica Davidson .....	Tehachapi
Juan Villalobos .....	Bakersfield-Ming
Janelle Naslund.....	Corporate, China Lake-Base
Carol Hooks.....	Boron, California City
Corinna Korpi .....	Bishop
Vickie Guinn .....	Bakersfield-Riverwalk
Valerie Diggs .....	Lone Pine

## MEMBER SERVICE CENTERS

Bakersfield-Ming: 6501 Ming Avenue  
 Bakersfield-River Walk: 11211 River Run Boulevard  
 Bishop: 462 North Main Street  
 Boron: 27055 Twenty Mule Team Road  
 California City: 9601 California City Boulevard  
 China Lake-Base: 1115 King Avenue  
 Kernville: 44 Big Blue Road  
 Lake Isabella: 5946 Lake Isabella Boulevard  
 Lone Pine: 111 Mt. View Road  
 Ridgcrest-Corporate: 701 South China Lake Boulevard  
 Tehachapi: 775 South Tucker Road



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