



20
23

Annual Report

Guiding Members towards financial wellness since 1964.

Letter from the Chair and CEO

On behalf of our dedicated employees and volunteers, it is a great pleasure to present our 2023 Annual Report. This year had its fair share of uncertainty as interest rates continued to increase during the first half of 2023. When widely publicized bank failures occurred in March 2023, Chaffey FCU members recognized the security provided by the credit union's stability and excess share insurance, and we took in over \$3 million in member deposits just that month. In the latter half of the year, we saw an increase in the number of members with open share draft accounts, indicating members' preference for their locally owned credit union for their everyday banking needs.

The balance between rising interest rates and keeping services affordable for the membership presents challenges. Rising rates are part of every economic cycle, although the speed with which rates increased over the last two years is nearly unprecedented. This led members to slow down on large purchases such as vehicles and homes, subsequently slowing credit union loan activity. Overall, loan origination volume (\$) decreased by 23% from 2022, and loan application volume (#) decreased by 20%, but the total portfolio increased by \$3.8MM (3%). The primary reason for loan requests was for debt consolidation, representing 73% of personal loans granted.

Chaffey FCU accomplished several "wins" in our journey to remain innovative and provide tools and resources for our members to successfully manage their finances. In February 2023, we launched Zelle, which has been a long-requested service from the membership; we currently average over 11,000 Zelle transactions per month. In July 2023, members who hold a Chaffey Plus checking account gained the ability to track their credit score on a monthly basis using Chaffey FCU's home and mobile banking; this allows members to better make informed decisions regarding credit management and quickly address any issues that might arise. Finally, in August 2023, Chaffey introduced an online appointment scheduling feature, allowing members to choose the time, place, and person that they desired; over 200 appointments are scheduled each month.

In 2023, Chaffey FCU made great strides in our financial literacy efforts in the community. We hosted 11 Bite of Reality® simulations for CJUHSD, Bonita Unified School District, and the East Valley SELPA, reaching over 4,000 students in 2023! In addition to the Bite of Reality® program, we provided a six-week financial literacy curriculum to Etiwanda High School and held a community budgeting workshop at Citrus Elementary School (Upland) for the first time. We look forward to bringing these efforts even closer to home in 2024 as we plan for a formal Financial Counseling program in the later part of the year.

In support of our community, Chaffey FCU donated \$4,500 to the Chaffey Joint Union High School District's Campus Safety Officers scholarship fund, and \$5,772 to the Chaffey College Foundation's "Fund a Dream" program. Members new to Chaffey FCU who joined through our partnership with the Baldy View ROP (BVROP) Foundation contributed to a \$5,675 donation to the BVROP Foundation in support of student scholarships. An additional \$15,000 was donated to various community groups for everything from staff appreciation events for local school districts and small businesses, to sports team sponsorships, to community safety events put on by local law enforcement. These efforts are made possible by the membership of the credit union, and we are proud to be able to participate in these opportunities.

Despite many challenges throughout the year, 2023 was a successful year for Chaffey FCU. As these challenges continue into 2024, rest assured that Chaffey FCU management and the Board of Directors remains committed to maximizing the value of your membership back to you.

Thank you for your membership!

DIANE KOTLEWSKI
Chief Executive Officer



DON BERTUCCI
Chairman of the Board



2023 Financial Report *as of December 31, 2023

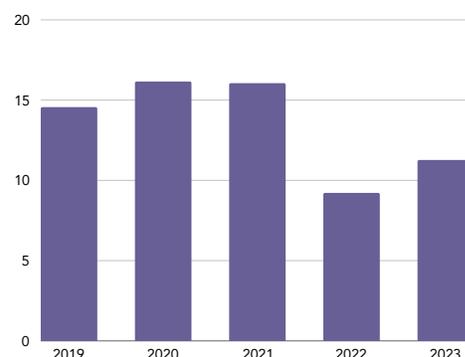
Statement of Financial Condition

Assets	2023	2022
Loans to Members	\$123,068,895	\$119,265,535
Investments	\$70,662,565	\$73,934,386
Building	\$2,408,090	\$2,447,903
Other Assets	\$21,525,390	\$15,690,071
Total Assets	\$217,664,940	\$211,337,895
Liabilities	2023	2022
Other Liabilities	\$8,136,968	\$4,185,354
Dividends Payable	\$563,758	\$184,229
Members' Shares	\$197,914,148	\$198,015,768
Total Liabilities	\$206,614,874	\$202,385,351
Equity	2023	2022
Undivided Earnings	\$16,807,488	\$16,702,423
Reserves	\$1,247,537	\$1,247,537
Other Comprehensive Income	(\$7,004,959)	(\$8,997,416)
Total Equity	\$11,050,066	\$8,952,544
Total Liabilities & Equity	\$217,664,940	\$211,337,895

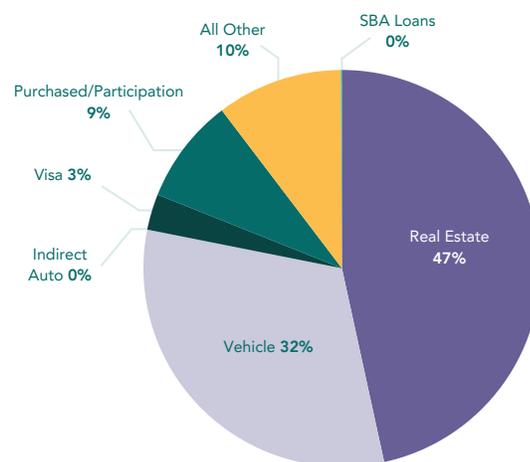
Statement of Income

Income	2023	2022
Interest on Loans	5,509,076	4,702,554
Interest on Investments	1,866,606	1,324,345
Misc. Income	2,020,663	2,063,483
Total Income	9,396,345	8,090,382
Expenses	2023	2022
Dividends to Members	2,200,611	739,105
Interest on Borrowed Money	58,772	15,542
Office Operations	6,665,738	5,378,973
Provision for Loan Loss	345,602	77,514
Total Expenses	9,270,723	6,211,134
Net Operating Income	125,621	1,879,248
Other Non-Operating Income/(Expense)	5,284	5,625
Net Income	130,905	1,884,873

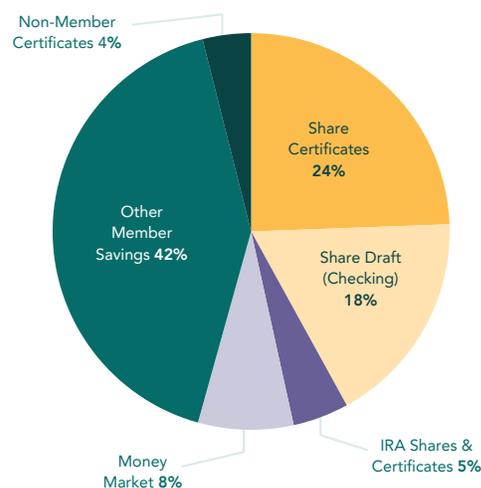
Equity & Reserves *in millions



Loans



Member Shares





Board of Directors

Don Bertucci, Chair
Mike Weaver, Vice Chair
Elizabeth Freer, Secretary
Regina Terrones, Treasurer
Cedric de Visser, Director
Patrick Schmidt, Director
Terry Chase, Director
Sid Jain, Associate Board Member

Supervisory Committee

Eduardo Zaldivar, Chair
Beverly Bailey, Member
Penelope Fraumeni, Member
Trenton Negrete, Member
Sandy Lopez, Member

Executive Leadership Team

Diane Kotlewski, Chief Executive Officer
Sandy Velasco, Chief Operations Officer
John Woon, VP of Information Services

2023 Board of Directors

Left to right: Patrick Schmidt, Don Bertucci, Elizabeth Freer, Cedric de Visser, Terry Chase

Report from the Supervisory Committee

The responsibility of the Supervisory Committee is to ensure appropriate internal controls are in 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).

Eduardo Zaldivar, Chair

2023 in Review



\$32,000+

Given back to local organizations.

Through our Donations Committee, Business Development, and Marketing Teams, we are proud to have donated over \$32,000! These funds supported local schools and organizations, such as the Chaffey Joint Union High School District, Chaffey College, and the Upland Police Officers Association.

700+

Staff hours dedicated to teaching financial literacy.

We are committed to empowering our community with financial literacy skills. Chaffey FCU Staff worked a total of 705 hours teaching financial presentations to classes, bringing *Bite of Reality*® events to schools, and hosting workshops.

*Determined by attendance and schedule information provided by schools.



4,000+

Students reached from 11 *Bite of Reality*® events.

Bite of Reality® is an hands-on budgeting simulation created to give students insight on real-world financials. Staff and volunteers introduce students to budgeting, making payments, credit, and more. Thank you to each high school that allowed us to bring this resource to your students.

*Determined by attendance and schedule information provided by schools.

- Colony High School
- Alta Loma High School
- Etiwanda High School
- SBCSS East Valley SELPA
- Bonita High School
- Eisenhower High School
- Rancho Cucamonga High School
- Ontario High School

7

Staff Members certified as Financial Counselors.

In an effort to help Members reach financial wellness, a team of 7 Chaffey FCU employees received financial counseling certification from the Credit Union National Association. We hope to launch a financial coaching program within the next year.

WISE

Working to Ignite Success
and Empowerment

COMING SOON!

CHAFFEY Federal Credit Union