



Yolo Federal
Credit Union



2020 ANNUAL 2020 REPORT

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Yolo County's #1 Best Credit Union

20

YEARS

Voted on by Daily Democrat readership

LEADERSHIP

BOARD OF DIRECTORS

William Schemel
Chairman

David Thompson
Vice Chairman

Captane Thomson
Treasurer

Robyn Rominger
Secretary

Byron MacConnell
Director

Bruce Muramoto
Director

Robin Shofner
Director

SUPERVISORY COMMITTEE

Floyd McCain
Chairman

Ed Marquez

Bernadette Murray

Shelley Sammut

SENIOR MANAGEMENT

Jenee Rawlings
President/CEO

Matt Lane
Chief Financial Officer

Matt Isika
Vice President Lending

Pennie Holck
Vice President Human Resources &
Organizational Development

Kelley Jacobsen
Vice President Marketing & Operations

PRESIDENT'S

REPORT

After a year that included devastating wildfires, social unrest, economic shutdowns, and of course, COVID-19, I am guessing that nobody wants to relive 2020. Dousing ourselves in sanitizer, adapting to the strangeness of separation from others, competing for toilet paper, and wearing masks into financial institutions all became normal. Sort of. And while it might be easy to dwell on the challenges that the past year presented, our evolution brought some positive outcomes, and for the credit union, 2020 was a successful year.

Fortunately, Yolo Federal Credit Union is well-capitalized and more resilient than ever. When the pandemic was declared, we quickly deployed technology to accommodate a more remote workforce, implemented numerous safety measures to limit risk to our members and our employees, and worked very hard to ensure that our members experienced no interruption of service. Digital banking and remote services became critical to this objective. We introduced a new appointment scheduling system to reduce branch traffic and adhere to the social distancing guidelines. LoanPay helped ease the online loan payment process, and we expanded our offering of financial education through Achieve, our new online financial wellness program—available in both English and Spanish.

Having a dedicated team adhering to safety protocols on the frontline meant that we were able to keep all branches open during regular business hours, unlike other financial institutions in our market. Mortgage rates are the lowest we have seen in history, and our award-winning lending team processed record volumes while maintaining quality service and quick turnaround times. With the support of team members across the organization, our committed Member Service Center maintained an average wait time of fewer than 3 minutes, even with a huge increase in call volume. During this public health crisis, our commitment to providing the safest environment possible resulted in our being the first financial institution to obtain Green Check certification from Yolo County.

We increased membership to 20,709 members and grew to \$364 million in assets. Our earnings and net worth remain very strong despite the impact of COVID-19. We were named West Sacramento Chamber's Business of the Year and along with being named #1 Best Financial Services, Bank, and Mortgage Company in Yolo County, we were honored to be voted #1 Best Credit Union for the 20th year in a row!

For over 66 years, Yolo Federal Credit Union has brought together people in Yolo County who share ownership, and a stake, in how well this financial cooperative performs. Despite so much unanticipated challenge, our performance in 2020 exceeded expectations, and we thank you for your part in our continued success. Please continue to shop local, support local, and rest assured that through all of life's triumphs and challenges and even through a global pandemic, we will be here to serve you.

Jenee Rawlings
PRESIDENT/CEO





2020

CHAIRMAN'S

REPORT

By nearly any measure, this has been the most challenging year the Credit Union has faced since it started in 1954. We have changed from asking members not to wear masks when visiting our branches to requiring that they do so. With the pandemic, many of our members have lost their jobs, and others have lost family members. As well, our members have again gone through a difficult fire season, and several have lost their homes. The national economy has had a wild ride, as well, with interest rates at all-time lows and unemployment at all-time highs in some sectors. And while we have had to take significant precautions to ensure our member's and our employees' health and safety, we have had remarkable success in avoiding having our staff contract COVID-19 from members or giving it to members. We've required exposed employees to work exclusively from home and have significantly enhanced our facilities cleaning processes. Nearly all of our internal meetings and the regular meetings of our Board of Directors have been conducted online since March.

All in all, given the disruptions in the economy, in public health, fires, storms, and in employment, we have continued to successfully provide financial services to our members quickly and accurately. This alone would have to be seen as remarkable. But on top of this, we have grown significantly in deposits during the calendar year 2020 and have continued to increase our capital not only for the year but for each month. Our capitalization remains high compared to other credit unions in the area, and we are continuing to do a stellar job of lending to our members. You have entrusted us with nearly \$320 million of your money as of the end of the year, and we continue to appreciate and, more importantly, earn that trust. We have financed some large projects and donated funds to worthy local charities to demonstrate that we are a responsible part of the larger community we serve. We live here too, and our staff members are encouraged to do their part in meeting the greater needs of the community.

On behalf of the Board of Directors, I commend the staff and senior management for their flexibility and clarity of purpose during the last year. By anyone's estimation, it is difficult to maintain safe and level flight through these kinds of storms, but the Yolo Federal team has pulled it off and landed safely.

Perhaps 'business as unusual' may be in our immediate future as we navigate the end of the immediate public health crisis and adjust to a new normal. Regardless, the Board of Directors is confident that our staff can handle it, and with the care and concern that we've all come to expect.

William Schemel
CHAIRMAN



Who says learning can't be fun? Our Organizational Development Department uses gamification as an engaging way to develop particular skill sets such as active listening.



2020

SUPERVISORY COMMITTEE'S REPORT

Yolo Federal Credit Union's Supervisory Committee is responsible for ensuring oversight of the Credit Union. We use three primary channels to monitor and verify safety and soundness: internal audits, external (independent) audits, and results of the periodic examination by the National Credit Union Administration (NCUA).

This past year has been challenging with COVID-19 and power outages. Even with these unforeseen circumstances, Management and staff have been exceptional in quickly adjusting to COVID-19 restrictions without any decrease in branch hours, increasing Member Service Center hours when needed, and continuing to provide excellent service. Audits and exams have also been affected by COVID-19. Exams and audits have been completed remotely, and staff was able to transition by providing all requested documents in digital format.

The Supervisory Committee contracts with an independent CPA firm to complete the financial audit and account verification annually. The CPA firm also reviews credit union policies/procedures and ensures that internal controls are in place to adequately protect members' assets. The firm reports directly to the Supervisory Committee.

The independent auditor's report for the year-end of December 31, 2019, was issued by Turner, Warren, Hwang & Conrad AC. They confirmed that there were no discrepancies.

Based upon internal audits, the independent external audit, and the NCUA examination report, it is the opinion of the Supervisory Committee that the Credit Union's policies and procedures, as well as Management's practices, are sound. We remain confident that Yolo FCU will continue to maintain a high level of financial safety and soundness.

Thanks to Yolo FCU's Board of Directors, Management, and staff for their dedication in ensuring that the Credit Union remains a safe and sound institution fulfilling your financial needs today and into the future.

We also thank you, the Members, for your continued support and loyalty. It is an honor to serve you.

SUPERVISORY COMMITTEE

Floyd McCain, CHAIRMAN

Ed Marquez

Bernadette Murray

Shelley Sammut

The Marketing Department spent much of 2020 behind the camera, capturing our staff, community, and local organizations to connect the Credit Union to our members during this pandemic.



TREASURER'S REPORT

A variety of thoughts come to mind when reflecting on 2020, with many of them being positive. The challenges we faced during the year reminded us of adaptability, community, and strength, just to name a few. Strength is at the core of our credit union, not only in our people but also financially. The growth that was experienced in 2020 was unlike any year in recent history. Total deposits increased by almost 24%, with a normal year averaging 7%.

One measurement of strength is capital. At the start of the year, net capital was 12.95% which is strong for a financial institution. The unexpected growth, not only for our credit union but the entire industry, brought down capital to 11.47% at year-end. This amount of capital is well above the industry average and the 6% minimum our regulators consider to be strong. Our capital is healthy to support changes in the balance sheet or income that are difficult to control. A major contributor to capital is earnings. While net earnings were below recent trends, they were strong considering the instantaneous impact of lower rates throughout the loan and investment portfolio. Further, asset quality remains high, reducing the need to reserve for losses, which ultimately supports greater earnings.

The credit union's financial strength will continue to serve our members and community as we navigate this pandemic.

Captane P. Thomson
TREASURER



20

20



ANNUAL REPORT

FINANCIALS



\$14.2
MILLION
LOAN INCREASE



11.47%
NET CAPITAL



\$61.8
MILLION
SHARE INCREASE



\$3.1
MILLION
NET INCOME

During times of uncertainty, one thing that never faltered was Yolo FCU's commitment to its mission of helping Yolo County achieve financial success. In 2020, Yolo Federal donated over \$60,000 to local small businesses and nonprofits.



ANNUAL REPORT

FINANCIALS

ASSETS

Assets	2016	2017	2018	2019	2020
Cash	\$ 7,819,006	\$ 7,835,277	\$ 8,033,521	\$ 9,919,653	\$ 12,587,006
Deposits in Banks/S&L's	43,394,078	49,596,841	26,289,675	14,880,000	15,128,000
Deposits in other CU's	3,224,000	3,968,000	2,976,000	496,000	1,240,000
NCUSIF Capitalization	2,155,471	2,336,466	2,427,574	2,496,638	2,793,170
Other Investments	17,056,657	16,489,211	18,299,994	27,924,597	76,060,912
Consumer Loans	34,924,672	51,364,066	74,849,171	77,869,441	63,910,237
VISA Loans	8,329,395	9,439,814	10,693,567	11,878,694	10,542,668
Real Estate Loans	114,751,652	111,445,118	110,940,586	114,664,444	145,326,955
Other Loans	16,793,501	16,279,491	18,919,291	21,514,879	20,394,422
Total Loans	174,799,220	188,528,489	215,402,615	225,927,458	240,174,282
Less Allowance for Loan Losses	(1,441,572)	(1,324,690)	(1,232,057)	(1,346,253)	(1,498,051)
Land and Buildings	7,039,370	7,086,299	7,724,545	7,731,934	7,663,719
Other Fixed Assets	1,123,205	950,134	1,065,302	1,061,021	829,616
All Other Assets	8,984,636	8,692,170	8,859,586	9,528,176	8,982,841
Total Assets	\$ 264,154,071	\$ 284,158,197	\$ 289,846,755	\$ 298,619,223	\$ 363,961,495

LIABILITIES & CAPITAL

Liabilities & Capital	2016	2017	2018	2019	2020
Regular Shares	\$ 98,115,160	\$ 109,139,811	\$ 112,622,169	\$ 118,217,916	\$ 155,981,887
Checking/Money Market	100,711,646	110,231,550	110,448,107	113,793,440	138,846,856
IRA Accumulation	4,539,252	4,465,392	4,662,810	4,700,690	4,324,219
IRA Certificates	4,356,502	3,847,363	3,295,696	2,641,279	2,448,971
Share Certificates	27,405,433	23,228,345	22,136,979	18,646,894	18,173,947
Total Shares	235,127,993	250,912,461	253,165,761	258,000,219	319,775,880
Notes & Interest Payable	-	-	-	-	-
Accounts Payable	1,784,377	2,444,889	1,766,387	1,887,452	2,063,910
Total Liabilities	1,784,377	2,444,889	1,766,387	1,887,452	2,063,910
Unrealized Gain/Loss AFS	-	(11,516)	(142,768)	67,486	370,815
Total Other Comprehensive Income	-	(11,516)	(142,768)	67,486	370,815
Regular Reservers	2,408,591	2,408,591	2,408,591	2,408,591	2,408,591
Undivided Earnings	24,833,110	28,403,772	32,648,784	36,255,475	39,342,299
Total Liabilities & Capital	\$ 264,154,071	\$ 284,158,197	\$ 289,846,755	\$ 298,619,223	\$ 363,961,495

—Assets as of December 31, 2020—

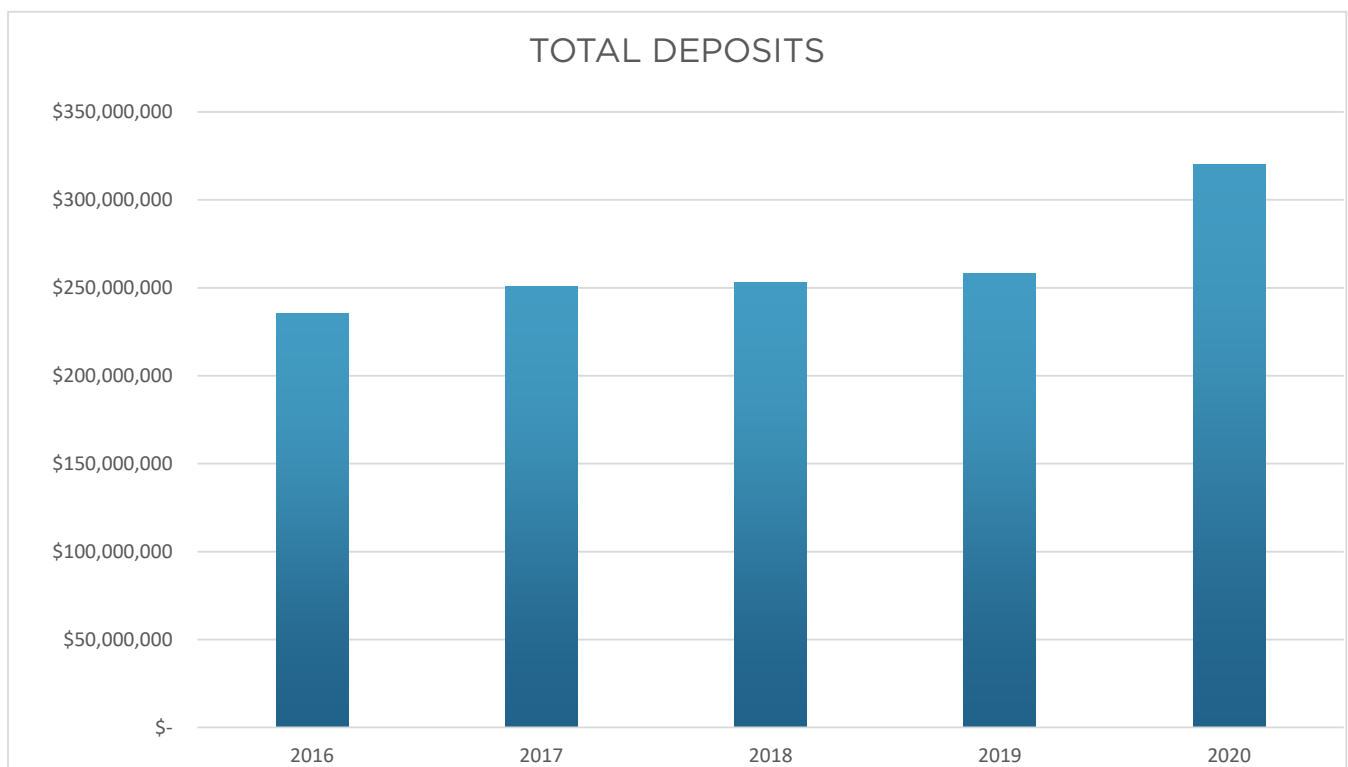
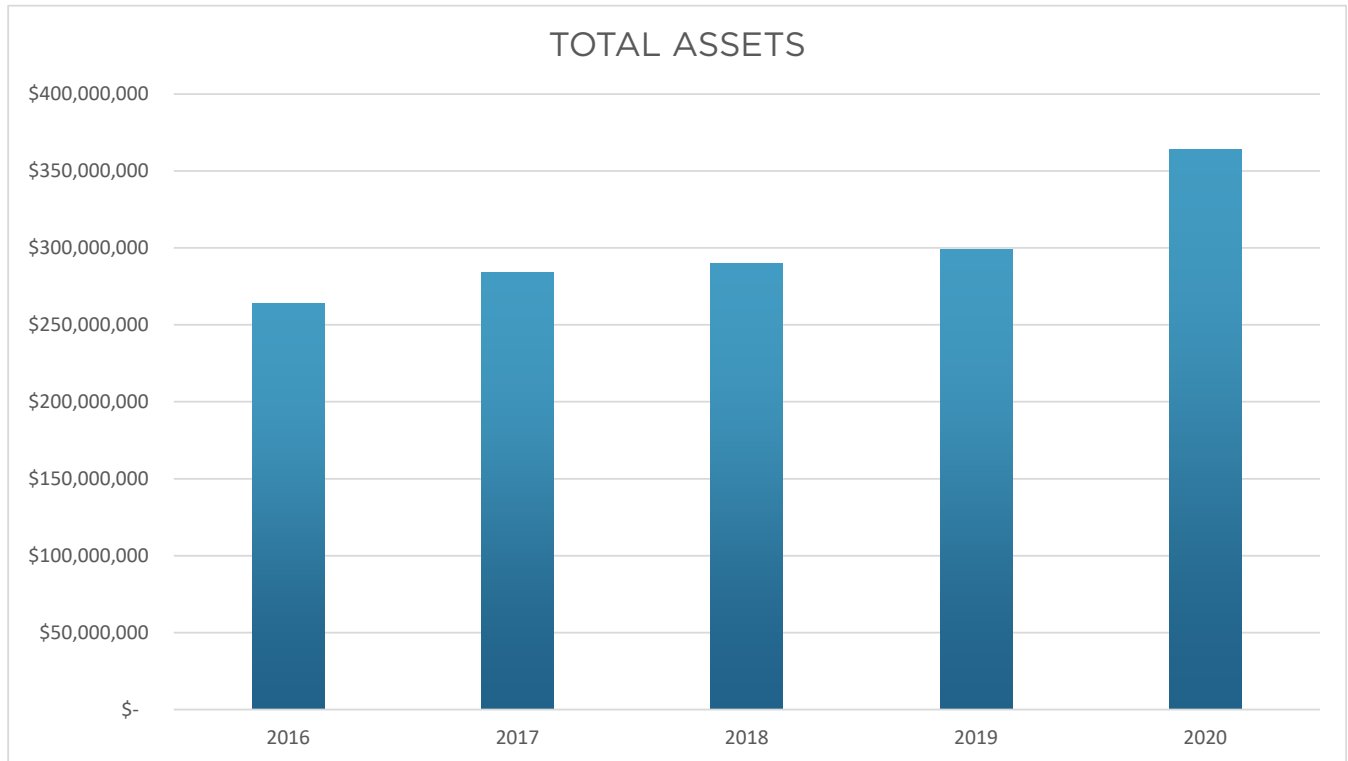


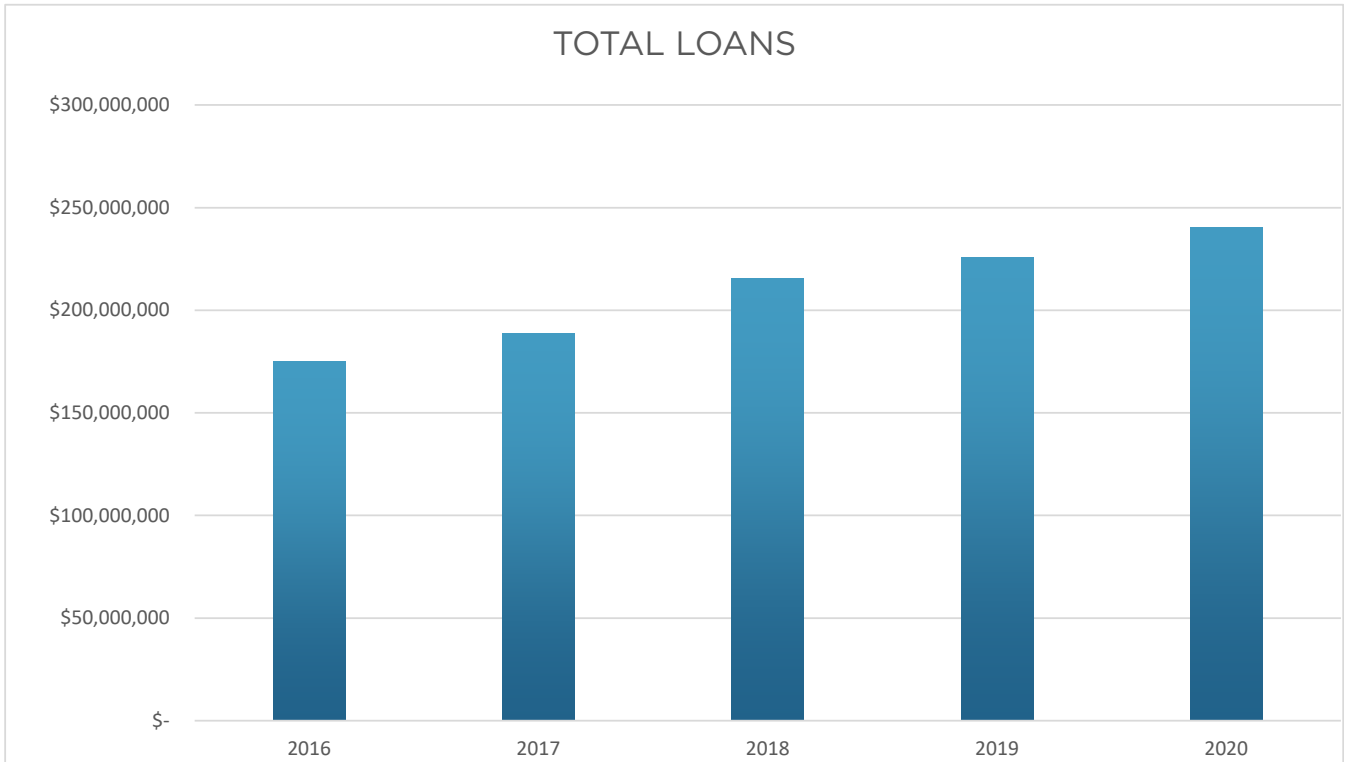
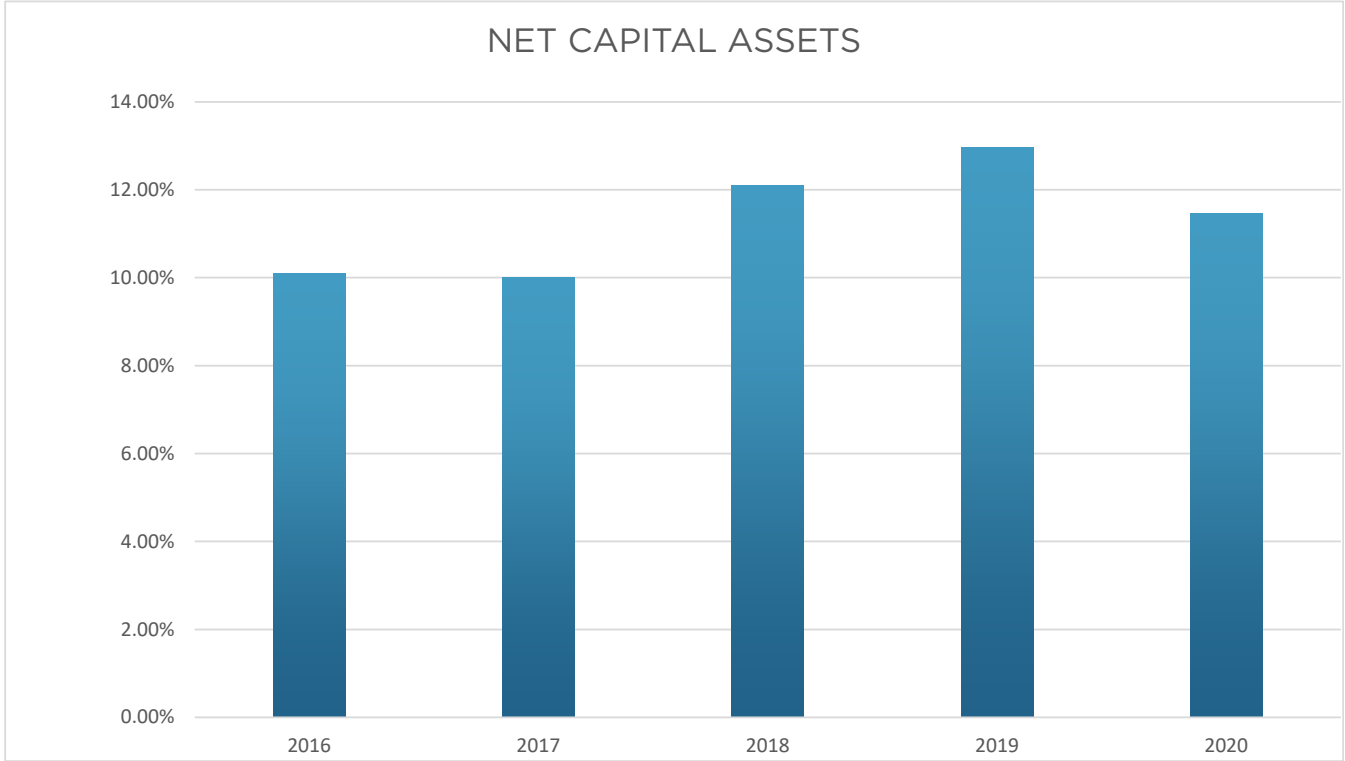
2020

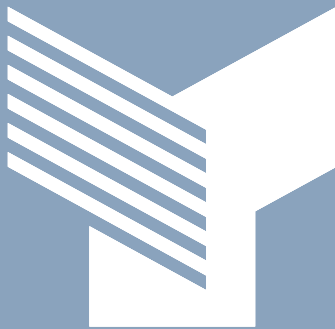
INCOME & EXPENSE

Income & Expense	2016	2017	2018	2019	2020
Loan Income	\$ 7,259,912	\$ 7,904,439	\$ 8,830,850	\$ 9,965,444	\$ 9,674,829
Investment Income	751,652	937,278	1,235,528	1,133,813	812,258
Other Income	3,532,291	3,849,870	3,827,593	3,996,431	4,489,755
Total Income	11,543,855	12,691,587	13,893,971	15,095,688	14,976,842
Salaries & Benefits	3,972,580	4,188,626	4,462,521	4,940,918	5,550,492
Other Operating Expenses	4,822,527	4,692,969	4,970,442	5,912,302	5,921,845
Non-Operating (Income) exp	(55,082)	(135,568)	(240,269)	(102,975)	(186,815)
Provision for Loan Losses	329,716	114,227	187,006	478,285	357,565
Cost of Funds	301,647	260,672	269,258	260,468	246,931
Net Transfer to Reserves	-	-	-	-	-
Net Income after Reserves	\$ 2,172,467	\$ 3,570,661	\$ 4,245,013	\$ 3,606,690	\$ 3,086,824

FINANCIAL TRENDS







Woodland
266 W. Main Street
465 Pioneer Avenue

Davis
501 G Street

West Sacramento
2240 Lake Washington Boulevard, Ste. 100

Winters
168 East Grant Avenue

(530) 668-2700