

## Report from the Chairman of the Board of Directors

2022 was an exciting year for the Credit Union. Six years ago The East County Schools Federal Credit Union Board utilized a unique visioning process to develop a long-term plan for the Credit Union's security and growth. In the time since that visioning process occurred, the Credit Union has almost doubled its book of business consistently holding assets of \$150 million or more. This October, the employees, key community members, management, and the Board all spent a Saturday using the same process to reset the vision. More on this will be in an upcoming letter to membership.

As you can imagine, this kind of growth creates new challenges and opportunities. To meet the challenges of an expanding Credit Union, (one that provides excellent customer service while ensuring every regulatory target is met,) it became apparent that our Credit Union Board would need to expand from five members to seven members. In addition, to maintain our institutional knowledge, all Board positions were increased to three years of service. The first elections of these new Board members was recently completed with excellent candidates being seated tonight.

As a result of this expansion, the Board members (unpaid volunteers) split the work by sitting on one or two committees, thus providing proper oversight while also avoiding burnout. This has improved both oversight and efficiency while also ensuring the vision continues to be achieved.

The Credit Union continues to thrive with increasing membership, new products being developed like our in-house solar loan program, and customer service that is unparalleled in the industry.

It has been an honor to serve as chair and I sincerely thank the members for their continued support of the Board and our special little Credit Union here in East County.

Respectfully Submitted,



Paul Schnaubelt  
Chairman of the Board

## Report from the Chairman of the Supervisory Committee

The Supervisory Committee's primary function is to monitor the Credit Union's financial operations and ensure that the Board of Directors and the Management Team operate in accordance with the regulations established by the National Credit Union Administration (NCUA), the credit union's bylaws and other state and federal law. The committee members oversee the annual independent audit of the Credit Union and report the findings and deficiencies of each year's audit to the Board of Directors and the members.

Richards & Associates completed the Credit Union's Annual Audit of Financial Condition for the period ending June 30, 2022. In their report, the independent auditors expressed an unqualified opinion on the Credit Union's financial statements and confirmed that East County School's Federal Credit Union's financial position continues to be strong.

The Credit Union used Richards & Associates and Doeren Mayhew, CPA's and Advisors to perform internal, federal, and state audits. All compliance audits were completed as mandated by federal and state regulators.

During 2022, the following audits were conducted:

ACH Risk Assessment & Audit	Lending Audit
IT Risk Assessment & Audit	2022 Finance Audit
BSA Risk Assessment & Audit	Deposit Audit
SAFE Act Compliance	Member Verification
Wire Risk Assessment	

The Supervisory Committee worked with management to address any reported issues. Action has been taken to enhance the scope and depth of the required audits, with additional reviews of lending practices, branch operations, compliance audits, fraud prevention and internal controls. Computer/system security and fraud prevention continue to be an industry wide concern.

During 2022, the Supervisory Committee added a new key member, Randy Montesanto, to bring our Supervisory Committee to 5 members and who will be just as diligent with the oversight responsibilities that include the requirement to (1) provide the annual audit, (2) safeguard assets, (3) review internal controls, (4) work with the auditor, (5) ensure corrective actions are taken, (6) meet with federal examiners, (7) research member complaints and (8) perform biannual verification of member accounts.



Baron T. Willis  
Chairman

## Report of the President/CEO

When I think back about the progress we made in 2022, I can't help but think of it in terms of our relevance within our field of membership.

When I was first hired as your CEO in 2003, I joined a credit union that clearly understood who we served, but hadn't really implemented a plan to reach out to our educational leaders. During my first couple of months on the job, I made it a point to introduce myself to the district office and campus leadership at both the Grossmont Union High School District and the Grossmont-Cuyamaca Community College District as those were the only two districts we were chartered to serve at that time. During those meetings, it became very clear to me that we had one employee that was recognized synonymously with our credit union. Her name was Bobbi Potter. That made a lasting impression on me as Ms. Potter had made herself very relevant to our members, but we needed more than just Ms. Potter. From that point on, I made it my mission to humanize this credit union, not just through Ms. Potter and myself, but to the extent possible from our entire staff.

I can say without question that our entire staff, Board of Directors and Supervisory Committee members have supported that philosophy. I can say with complete confidence that we are more relevant to our targeted field of membership than any other financial institution. This is the result of every staff member knowing exactly who we serve and how consistent and intentional we are in "advocating for those that advocate for our kids", each and every day.

The extent of how well we have accomplished this relevance was made very clear with the results of our 2022 Net Promoter Score (NPS) that measures the willingness of an organizations members' to refer their "circle of influence" to said organization. In today's world, an extremely high achiever in terms of their NPS like Disney or Nordstrom's might garner an impressive score in the high 60's to mid 70's on a scale of 1 – 100, and where some of the largest financial institutions in the country score in the mid-to-high 20's. East County Schools Federal Credit Union received an incredible 82.5 score from a survey of all of our members 18 years of age or older. That is relevance with who you serve.

In terms of safety and soundness, assets, capital and earnings, we had a solid year of growth. But growth for the sake of size has never been our goal. Service and value have guided our efforts and actions, and we have been successful year-in-and-year-out with those goals in service of our hard-working school employees and their family members.

In closing I would like to express my deepest gratitude to our Board of Directors and Supervisory Committee members for their commitment and dedication as volunteers, and to the entire East County Schools Federal Credit Union staff for serving our members with enthusiasm, character and professionalism that helps to differentiate us from our competition.



Steven A. Devan  
President & Chief Executive Officer

# 2022

## ANNUAL REPORT

President / CEO

Board of Directors Chairman  
Supervisory Committee Chairman  
Financial Statements

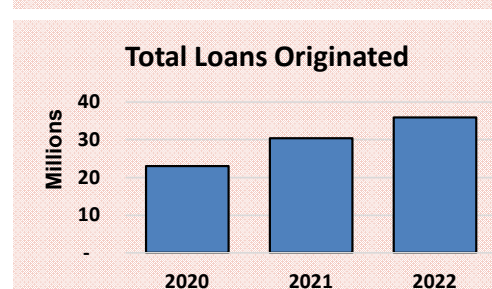
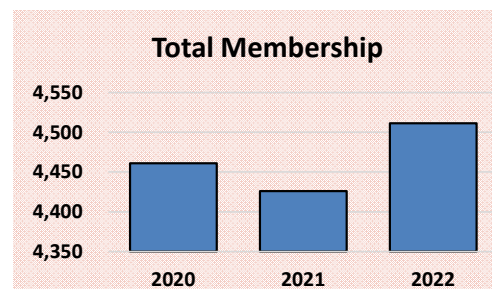
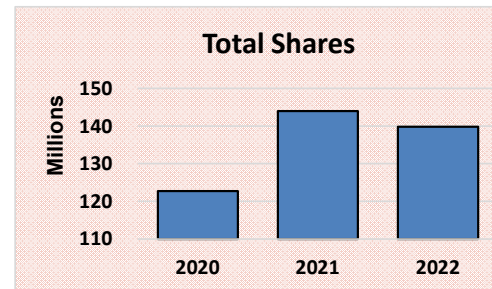
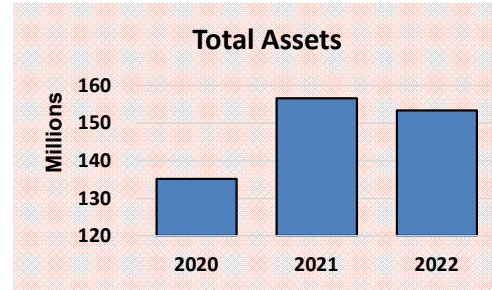
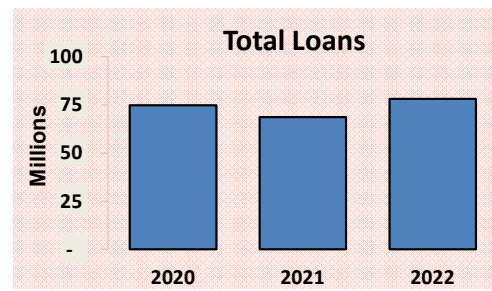


ASSETS	2020	2021	2022
<b>Members' Loans</b> .....	<b>74,779,750</b>	<b>68,670,692</b>	<b>78,255,738</b>
Cash In Bank & Change Fund.....	611,716	480,066	494,354
Catalyst Corp FCU.....	28,974,682	19,339,248	4,693,148
Other Investments.....	27,229,823	64,225,381	65,303,888
All Other Assets.....	3,845,861	4,068,201	4,720,786
Allowance for Loan Losses.....	(279,977)	(231,786)	(215,029)
<b>Total Assets</b> .....	<b>135,161,854</b>	<b>156,551,802</b>	<b>153,252,884</b>

LIABILITIES AND CAPITAL	2020	2021	2022
Accounts Payable.....	378,664	382,335	470,769
Other Liabilities.....	697,641	689,477	693,726
Share Drafts.....	38,135,328	49,886,200	48,325,886
Regular Shares.....	35,737,713	41,249,452	41,459,790
Money Market Shares.....	27,844,059	29,702,536	29,993,785
IRA Shares.....	3,483,916	3,271,386	2,948,917
Share Certificates.....	15,127,382	17,404,756	17,027,700
Non-Member Shares.....	2,432,000	2,432,000	-
<b>Total Members' Shares</b> .....	<b>122,760,398</b>	<b>143,946,330</b>	<b>139,756,078</b>
Regular Reserves.....	4,132,774	4,132,774	-
Undivided Earnings.....	7,190,272	7,400,270	12,337,198
Unrealized G/L Investments.....	2,106	616	(4,887)
<b>Total Liabilities and Capital</b> .....	<b>135,161,854</b>	<b>156,551,802</b>	<b>153,252,884</b>

INCOME	2020	2021	2022
Interest On Loans.....	3,193,513	2,451,659	2,599,027
Income From Investments.....	482,554	665,974	736,729
Other Operating Income.....	451,534	519,499	503,957
<b>Total Gross Income</b> .....	<b>4,127,601</b>	<b>3,637,132</b>	<b>3,839,713</b>
<b>Total Operating Expenses</b> .....	<b>3,356,325</b>	<b>3,077,355</b>	<b>2,727,663</b>
<b>Net Operating Income</b> .....	<b>771,277</b>	<b>559,777</b>	<b>1,112,050</b>
Dividends To Members.....	546,850	391,334	350,345
<b>Total Non-Operating Income</b> .....	<b>50,807</b>	<b>41,556</b>	<b>42,450</b>
<b>Net Income After Dividends</b> .....	<b>275,234</b>	<b>209,999</b>	<b>804,154</b>

LOAN INFORMATION	2020	2021	2022
<b>Number of Members, Year End</b> .....	<b>4,461</b>	<b>4,426</b>	<b>4,511</b>
Number of Loans Made During the Year.....	459	528	800
<b>Dollar Amount of Loans</b> .....	<b>23,085,565</b>	<b>30,377,894</b>	<b>35,825,810</b>
Number of Delinquent Loans (60 Days & Over).....	9	5	15
Dollar Amount of Delinquent Loans.....	188,781	168,215	48,506
Dollar Amount of Delinquent Loans Net Charge Off.....	111,147	49,153	5,128
Loss Ratio.....	0.13%	0.07%	0.01%



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### Board of Directors

- Paul Schnaubelt, Chairman
  - Dr. Ezequiel Cardenas, Vice-Chairman
  - Dr. Randy Montesanto, Secretary
  - Scott Buxbaum, Treasurer
  - Rachel Kenny, Director
  - Dr. Leonita Cole, Director
  - Natalie Ray, Director
- Supervisory Committee**
- Barron Willis, Chairman
  - Ken Leighton, Committee Member
  - Alba Orr, Committee Member
  - Dr. Randy Montesanto, Committee Member

### Management Team

- Steven A. Devan, President/CEO
- Robert Nolan, VP Chief Financial Officer
- Chris Whitney, VP Info Technology
- Tammy Rahders, VP Lending & Operations
- Karen Fleck, AVP Mktg & Business Dev.

