

Report from the Chairman of the Board of Directors

It's hard to know where to start with 2020 amid the worldwide pandemic.

But let's start with January, 2020. We had our first ever Member Celebration Day, which included our annual shred day. It was an instant success! Barbeque, cotton candy, hamburgers and hot dogs. New cars were bought and new members joined us. It was all hands on and celebrating all our members, long term and brand new. It was a fun day. And then the world changed.

Lockdowns happened, schools closed and it affected everyone. And everyone pitched in to help each other. Curbside banking and all credit union business was served without ever leaving your car. It was safe and I know each time I took advantage of this wonderful service, I felt safe.

The employees have been amazing, working in teams, some at home and some in the office and then changing places. They always encouraged each other and as always, supported each other.

Although the 2020 Educator Tours had to be canceled, they are once again scheduled for 2021.

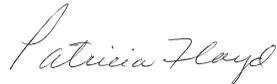
East County Schools Federal Credit Union (ECSFCU) waived service and transaction fees for 5 months, offered low and zero percent "Financial Wellness Loans", made payment skips up to 90 days available, and waived ATM fees and increased daily ATM withdrawal limits.

The Board of Directors have not missed a meeting, doing all the Boards business by Zoom. It has worked well for our monthly meetings and our annual Budget meeting.

I am so impressed by our group of members and employees always helping each other out and jumping in where there is a need.

I am hopeful for 2021. Please stay safe. We want to CU in person in 2021.

Regards,



Patricia Floyd

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, 2020. 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.

In addition to the annual audit, Richards & Associates and Doeren Mayhew, CPA's and Advisors were used to perform internal audit projects. During 2020 those projects included a review of the system of internal controls in each operational area. All compliance audits were completed as mandated by federal and state regulators. 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.

These detailed audit reports have proven to be of assistance to the Credit Union's Management and, of course, helps the Supervisory Committee comply with our 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.

Respectfully submitted,



Stephen B. Halfaker

Chairman (beginning November, 2020)

Report of the President/CEO

As we all know 2020 was a year of challenges.

I remember that Friday morning staff meeting in March where we announced to the staff that we were planning to temporarily close the La Mesa Village office, split our entire staff into essentially two teams, one in-branch and one telecommuting, while alternating this scenario each week. At the time we were thinking that plan would be in place for a couple of months. Little did we know that a year later, we would still be in "team mode".

I also remember talking to the staff about letting one member into the El Cajon office at a time and wondering if that would be safe enough to endure this "new normal".

Our staff, as they do so often, rose to the occasion and came up with a plan to utilize a drive-up service lane, and remarkably, within 45 minutes, we opened with a make-shift, but very effective and member-friendly method of transacting business in a safe and sound manner. This method was extremely well-received thanks to the spirit in which our staff embraced this new challenge.

From there we focused on providing the necessary financial support to help our member-owners endure the CVOID related impact on their everyday life. We stopped charging foreign ATM Fees, waved the restrictions on our eChecking product so that everyone earned the high rates of interest even as the state mandated Stay-at-Home orders prevented them from meeting the minimum debit card transactions. We also provided 90-day skips for consumer loans at no cost, and offered well-below market rates on unsecured loans under \$5,000.

I am proud to say that in spite of not being able to meet our potential members on campus and at the usual annual gatherings, we were able to increase overall membership numbers, as well as significantly grow our deposits.

We also used this time wisely by perfecting our telecommuting capabilities, leveraging our digital presence by implementing complete new member sign-ups online, launching a new texting capability to our main office phone number, and beta-testing our new and innovative Financial Wellness Benefit called MyPayNow.

In closing I want to thank our Board and Supervisory Committee for their unwavering support of the Management Team to pivot quickly in providing the best possible service to our member-owners, and special thanks to a staff that truly embodies our growing culture of a CEO at Every Desk, by taking ownership of extraordinary service every single day.



Steven A. Devan

President & Chief Executive Officer

2020

ANNUAL REPORT

President / CEO

Board of Directors Chairman

Supervisory Committee Chairman

Financial Statements

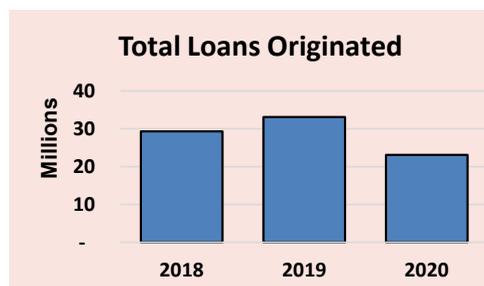
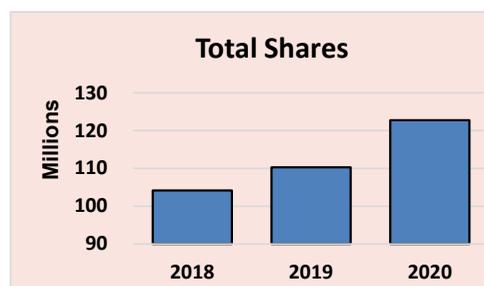
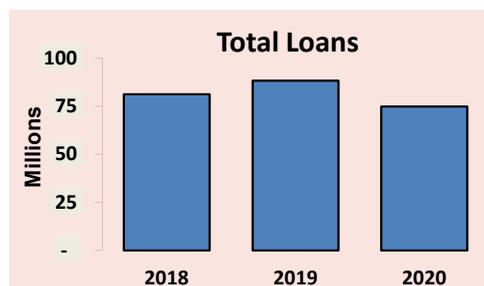


ASSETS	2018	2019	2020
Members' Loans.....	81,277,532	88,284,244	74,779,750
Cash In Bank & Change Fund.....	632,940	636,081	611,716
Catalyst Corp FCU.....	1,541,202	1,563,875	28,974,682
Other Investments.....	32,864,894	30,701,805	27,229,823
All Other Assets.....	3,827,674	3,867,393	3,813,445
Allowance for Loan Losses.....	(298,972)	(291,266)	(279,977)
Total Assets.....	119,845,269	124,762,132	135,129,439

LIABILITIES AND CAPITAL	2018	2019	2020
Accounts Payable.....	1,402,091	494,199	378,664
Other Liabilities.....	4,081,226	2,929,044	697,641
Share Drafts.....	31,423,786	30,785,186	38,135,328
Regular Shares.....	26,900,679	27,174,115	35,737,713
Money Market Shares.....	29,081,636	27,404,958	27,844,059
IRA Shares.....	3,255,340	3,389,289	3,483,916
Share Certificates.....	13,497,656	15,197,679	15,127,382
Non-Member Shares.....		6,335,016	2,432,000
Total Members' Shares.....	104,159,097	110,286,243	122,760,398
Regular Reserves.....	4,132,774	4,132,774	4,132,774
Undivided Earnings.....	6,089,402	6,915,039	7,157,856
Unrealized G/L Investments.....	(19,320)	4,834	2,106
Total Liabilities and Capital.....	119,845,269	124,762,133	135,129,439

INCOME	2018	2019	2020
Interest On Loans.....	3,058,303	3,373,799	3,193,513
Income From Investments.....	681,747	795,627	482,554
Other Operating Income.....	446,310	474,994	419,118
Total Gross Income.....	4,186,360	4,644,420	4,095,185
Total Operating Expenses.....	3,278,053	3,417,798	3,356,325
Net Operating Income.....	908,307	1,226,622	738,860
Dividends To Members.....	331,262	459,950	546,850
Total Non-Operating Income.....	120,837	58,965	50,807
Net Income After Dividends.....	697,882	825,637	242,817

LOAN INFORMATION	2018	2019	2020
Number of Members, Year End.....	4,397	4,455	4,461
Number of Loans Made During the Year.....	602	616	459
Dollar Amount of Loans.....	29,286,424	33,112,898	23,085,565
Number of Delinquent Loans (60 Days & Over).....	7	18	9
Dollar Amount of Delinquent Loans.....	204,706	603,976	188,781
Dollar Amount of Delinquent Loans Net Charge Off.....	70,967	76,552	111,147
Loss Ratio.....	0.10%	0.09%	0.19%



Board of Directors

Patricia Floyd, Chairman
Ezequiel Cardenas, Vice-Chairman
Rachel Kenny, Secretary
Scott Buxbaum, Treasurer
Paul Schnaubelt, Member

Supervisory Committee

Stephen Halfaker, Chairman
Robert Cornelius, Committee Member
Alba Orr, Committee Member
Richard Schaper, Committee Member

Management Team

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