



STRONGER  
TOGETHER  
FOR A  
BETTER  
TOMORROW



Annual Report  
2020



## Message from the Chair



The year 2020 was unlike any other to say the least. But I am pleased to report, despite all the challenges associated with navigating through the COVID-19 pandemic, it was another successful year for the Aerospace Federal Credit Union (AFCU). Consumer behavior was influenced by the pandemic which had a direct impact on the AFCU. The good news, however, is your credit union was prepared for the unknown and remained committed to providing service to the membership during this unprecedented time and met the needs of the membership in several ways.

First and foremost, the operation of the AFCU was not impaired by the advent of COVID-19 and financial performance remained strong. Membership continued to grow, and members found the AFCU a safe harbor for their deposits, consumer lending needs, and we also experienced a surge in demand for first mortgage financing options. But above all, the AFCU stepped up and embraced the challenge of assisting members facing financial challenges brought on by the pandemic. In the spirit of people helping people, the AFCU answered the call.

From the member service perspective, the AFCU delivery channels for home banking, ATM and Shared Branching networks, Visa credit and debit plastic card payment services enhanced with digital wallet functionality, and the AFCU Call Center, made it possible for the membership to manage their financial affairs in a contactless manner and remain safe. In addition to these member benefits, the AFCU remained committed to returning value to the membership with a half-million-dollar bonus dividend.

A huge thanks for all of their contributions goes to my fellow board volunteers, the AFCU management team and staff that provide value and service to our membership. We take the responsibility of your financial success extremely seriously and have comfort in the knowledge that the AFCU is a safe and secure place for you to save and borrow. We appreciate the opportunity to have served you for the past sixty years and look forward to working through these challenges together and achieving a better tomorrow!

**Charlotte M. Lazar-Morrison**

## Message from the President



As we wrapped up 2019, and looking forward to 2020, our outlook was one of clear vision for the New Year to come. As we sprang into action to deliver on our commitment to the AFCU membership, collectively, we were met with an unprecedented health emergency with the arrival of the COVID-19 pandemic. In a word, 2020 was challenging, but an obstacle we were prepared to tackle. Without missing a beat, we were able to transform the operation of the AFCU to a hybrid business model that included staff team members working from home in addition to a contingent of staff team members maintaining the operation of the branch office location. I am pleased to report our disaster recovery and business continuity planning worked flawlessly.

Looking forward to 2021, we see it as a year of transition, and will be spurred in part, by the lessons that were learned while operating in a COVID-19 influenced environment. We remain committed to making your experience with the AFCU truly outstanding and continue to embrace rewarding our members with better than average dividend rates, competitive loan rates, low-cost fees for essential services, and industry leading rewards for using our credit and debit cards for daily purchase transactions. From lessons learned, we realize the new normal for conducting business must include channels to meet your financial service needs virtually, as well as the face-to-face standard that was usual and customary in the traditional banking model.

The theme for this year's annual report, "Stronger Together for a Better Tomorrow", encapsulates our focus as a financial cooperative to assist you in achieving your financial goals, and the synergy that is gained from you utilizing the services of the credit union; it is truly a win-win situation. Together, we can make 2021 a rewarding experience and the AFCU a lifelong benefit now and for generations to come.

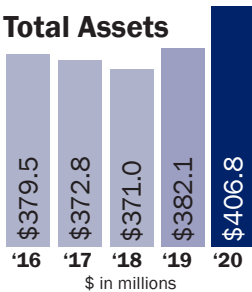
**Marvin L. Thomas**

## Summary Statement of Financial Condition

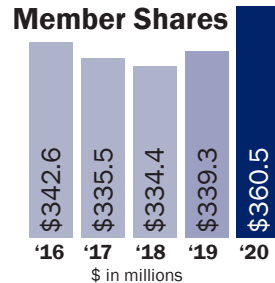
Years ended December 31

<b>ASSETS</b>	<b>2020</b>	<b>2019</b>
Loans to Members	\$96,041,692	\$89,316,565
Less: Allowance for Loan Loss	(230,000)	(220,000)
Cash	1,704,857	1,587,141
Investments	289,894,234	274,644,515
Accrued Interest Receivable	852,763	974,624
Property and Equipment	1,158,311	969,924
NCUSIF Deposit	3,323,240	3,251,857
Other Assets	14,102,480	11,586,221
<b>TOTAL ASSETS</b>	<b><u>\$406,847,577</u></b>	<b><u>\$382,110,847</u></b>
<b>LIABILITIES &amp; EQUITY</b>		
Accounts Payable/Accrued Liabilities	\$1,901,928	\$2,305,442
Member Shares	360,542,120	339,327,488
Regular Reserve	1,580,557	1,580,557
Retained Earnings	38,371,487	37,649,581
Unrealized Gain/Loss on Investments	4,451,485	1,247,779
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b><u>\$406,847,577</u></b>	<b><u>\$382,110,847</u></b>

### Total Assets



### Member Shares

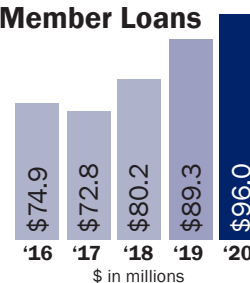


## Summary Statement of Income & Expense

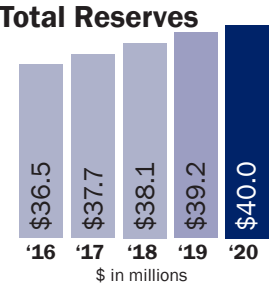
Years ended December 31

<b>INTEREST INCOME</b>	<b>2020</b>	<b>2019</b>
Loans to Members	\$3,463,596	\$3,398,188
Investments	4,879,156	6,856,531
<b>TOTAL INTEREST INCOME</b>	<b>8,342,752</b>	<b>10,254,719</b>
Less: Dividend on Member Shares	3,324,263	3,747,153
<b>NET INTEREST INCOME</b>	<b>5,018,489</b>	<b>6,507,566</b>
Other Operating Income	2,272,052	1,134,357
<b>TOTAL OPERATING INCOME</b>	<b>\$7,290,541</b>	<b>\$7,641,923</b>
<b>OPERATING EXPENSE</b>		
Salaries & Benefits	\$3,125,555	\$2,855,073
Data Processing	651,528	750,492
Communications	190,184	178,596
Auditing Fees	91,038	93,419
Stationery & Supplies	18,460	16,796
Education & Promotion	115,517	163,734
Depreciation & Amortization	426,936	227,703
Share Insurance	0	0
General Expenses	1,946,764	2,197,764
<b>TOTAL OPERATING EXPENSE</b>	<b>\$6,565,982</b>	<b>\$6,483,577</b>
Non Operating Income/(Loss)	(2,653)	(15,000)
<b>NET INCOME</b>	<b><u>\$721,907</u></b>	<b><u>\$1,143,346</u></b>

### Member Loans



### Total Reserves



## Report of the Treasurer



Key elements of your credit union's 2020 financial performance include:

- Total assets were \$406.8 million; up \$24.7 million from the previous year and reflects an increase of 6.5%.
- Member share deposits at \$360.5 million, were up \$21.2 million, and reflects a gain of 6.3%.
- Member loans at \$96.0 million, were up \$6.7 million and reflects a gain of 7.5%.
- Investments ended the year at \$289.9 million, up \$15.2 million and reflects an increase of 5.6%.
- Total revenue for the year was \$10.6 million, down 6.8% from a year ago. Of that amount, \$6.6 million was allocated to operating expenses, and most importantly, \$3.3 million was returned to members in the form of dividend payments.
- Net income for the year was \$722 thousand and was added to retained earnings/reserves and resulted in capital increasing to \$40.0 million. The corresponding net worth ratio was 9.82%, and represents a regulatory classification of a "well-capitalized" credit union.

Growth in member share deposits and loan demand is expected for 2021, and the AFCU balance sheet is well structured to accommodate a wide range of interest rates.

**James W. Ford**

## Report of the Supervisory Committee



In compliance with the Federal Credit Union Act, the Supervisory Committee retained RSM US, LLP, a CPA firm, to conduct internal audits of many of the operational areas in the credit union with a focus on regulatory compliance and risk management. Richards and Associates, a CPA firm, was retained to conduct an independent opinion audit of the Aerospace Federal Credit Union's financial statements and business practices. Both CPA firms reported and discussed their results with the Supervisory Committee and Senior Management. I am pleased to report there were no significant areas of concern with respect to the operational practices and performance of the credit union. Additionally, they found the credit union's financial statements conform to generally accepted accounting principles of the United States of America and are available for review at the credit union.

**Anthony T. Stier**

## 2020 Officials

### Board of Directors

Charlotte M. Lazar-Morrison | *Chair*

David A. Christopher | *Vice Chair*

James W. Ford | *Treasurer*

Tammy L. Choy | *Secretary*

Susan J. Adams

Lauren P. Kim

Kien T. Le

Steven M. Leontis

Joe M. Straus

### Supervisory Committee

Anthony T. Stier | *Chair*

Mary H. Moy

Lesli K. Otake

Christopher P. Woods

Terence S. Yeoh

### Advisory Committee

Brenda E. Eichel

### Recording Secretary

Gail J. LaCroix

### Senior Management

Marvin L. Thomas | *President/CEO*

Cynthia R. Chafe | *VP, Compliance*

Gregory S. Moran | *VP, IT*

Jeri L. Smith | *VP, Member Service*

Lani L. Young | *Finance Director*

Ian B. Freshman | *Marketing Manager*

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