

Annual Report 2023

FEBRUARY 26, 2024

Rancho Federal
CREDIT UNION



2024 Meeting of the Membership

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BOARD OF DIRECTORS (alphabetical)

Matthew Bell, Vice Chair	Term Expires 2026
M. Mitchell Bonca, Secretary Treasurer	Term Expires 2024
Jason Chung – Director	Term Expires 2024
Jason Lockhart, Board Chair	Term Expires 2025
Jennifer Morrison – Director	Term Expires 2026
Emery Sipos – Director	Term Expires 2025
Debbie Tomlinson – Director	Term Expires 2024

STAFF (alphabetical)

Yanira Alonzo	Financial Services Representative
Crystal Bradley	Member Services Representative
Jaime Buenrostro	Investment Accountant
Rachel Casillas	Loan Department Supervisor
Craig Ceja	Payment Services Representative
Edgar Corona	Accounting Department Supervisor
Yvonne Duron	Chief Lending Officer
Patricia Fonseca	Mortgage Loan Supervisor
Cindy Gomez-Sanchez	Operations Department Supervisor
Kalvin Lo	Network Administrator II
Erika Mendoza	Head Teller
Shelley Milazzo	Chief Administrative Officer
Ashlee Nieto	Financial Services Representative
Vicki Noordman	Payment Services Representative
Irene Perez	Collections Supervisor
David Rivera	Accountant
Cristy Ruiz	Member Services Representative II
Jennifer Saldana	Senior Loan Officer
Margarita Torres	Branch Supervisor
Kathy Villareal	Financial Services Representative
Wayne Watters	Interim CEO

**RANCHO FEDERAL CREDIT UNION
FINANCIAL STATEMENTS
DEC 2023**

<u>ASSETS</u>	MONTH ENDING Dec 2022	MONTH ENDING Dec 2023
Total Loans	60,724,583	64,380,937
Allowance for Loan Losses	(29,924)	(172,233)
Allowance for O/D Privilege Losses	(1,931)	0
Cash	1,254,269	1,394,389
Investments	51,525,907	41,506,790
Fixed Assets	134,678	98,714
Other Assets	1,944,005	1,917,442
TOTAL ASSETS	\$115,551,588	\$109,126,038

LIABILITIES & EQUITY

Liabilities	929,526	899,411
Member Shares	107,633,199	100,330,202
Reserves	6,988,863	7,896,425
TOTAL LIABILITIES & EQUITY	\$115,551,588	\$109,126,038

INCOME / EXPENSES

	YTD 2022	YTD 2023
Loan Income	2,068,490	2,352,880
Investment Income	493,528	765,187
Other Operating Income	1,597,450	1,584,406
TOTAL OPERATING INCOME	\$4,159,468	\$4,702,474
TOTAL OPERATING EXPENSES	\$3,966,547	\$4,271,863
Provision for ODP & Loan Losses	42,902	100,003
NET OPERATING INCOME	150,020	330,607
DIVIDENDS	32,264	141,351
NON-OPERATING EXPENSE	0	(643,095)
NET INCOME	\$117,755	\$832,352

Wayne Watters, CEO
Rancho Federal Credit Union

Federally insured by NCUA

MINUTES FROM 2023

Date: March 20, 2023

- Call to Order** Following Covid-19 protocol the meeting was held virtually via Zoom. CEO Mitchell Bonca called the meeting to order at 4:15 p.m. Mitchell Bonca, President and CEO announced that a quorum was present by evidence of member's registered and joined on Zoom. The quorum was certified by Calvin Lo.
- Approval of 2021 Minutes** President and CEO Mitchell Bonca directed members to review the printed minutes of the previous year's annual meeting, which were included in the members meeting packets. Motion by David Rivera, seconded by Shelley Milazzo to approve the 2022 minutes. Motion carried.
- Introduction of Officials** President and CEO, Mitchell Bonca introduced the members of the Board of Directors, the Supervisory Committee, and Management.
- Chairman's Report** President and CEO, Mitchell Bonca delivered the Chairman's report. A written version is included in member packets. Motion by Edgar Corona, seconded by David Rivera.
- Treasurer's Report** President and CEO, Mitchell Bonca delivered the Treasures report. A written version is included in member packets. Motion by Edgar Corona, seconded by David Rivera.
- Director Election** President and CEO, Mitchell Bonca reported that the director's election for this year's two seats was uncontested, and the election would therefore be accomplished by acclamation of the two nominees. Motion by David Rivera. Seconded by Shelley Milazzo to elect, for three terms, Jennifer Morrison and Matthew Bell.
- Adjournment** Motion by Vicki Noordman, seconded by Edgar Corona to adjourn meeting at 4:30 p.m. Motion carried.

LETTER FROM THE CHAIRMAN

Dear Board of Directors and Esteemed Members,

As we step into a new year, it is essential to take stock of our achievements and recognize the collective efforts that have fortified our credit union. In 2023, we demonstrated resilience, adaptability, and unwavering commitment to our members. Allow me to highlight some of the key strengths that defined our journey:

Financial Stability: We have always been a stable financial institution, and our prudent approach in providing safe, reliable financial products and services to our members remains unwavering.

Member-Centric Approach: Our focus on meeting the unique needs of our members has been a cornerstone of our success. Whether it's personalized financial advice, digital solutions, or community outreach, we prioritize your well-being. We're listening to your feedback, and we started 2024 with a commitment to enhance our internal processes and make it easier for members to borrow.

Risk Management: In a dynamic economic landscape, we proactively manage risks to safeguard our members' interests. Our robust risk management framework ensures the safety of your share and deposits.

Community Engagement: Our commitment extends beyond financial transactions. We actively sponsor community initiatives to support local causes to foster meaningful connections.

Employee Excellence: Our dedicated staff members are the heart of our credit union. Their expertise, empathy, and professionalism contribute significantly to our success.

As we move forward, let us continue to build on these strengths, adapt to evolving challenges, and remain true to our mission of empowering our members. Your trust and loyalty inspire us every day.

I encourage all of you to reach out to one of our trusted staff members to discuss your current financial needs. Together we can reach your financial goals. Thank you for being an integral part of our credit union family. Here's to a prosperous 2024!

Warm regards,

Jason Lockhart

Chairman of the Board

LETTER FROM THE TREASURER

Dear Members,

As the Treasurer of our credit union, I am pleased to present the financial report for 2023. Last year we continued to face challenges posed by the pandemic, and we also saw a surge in inflation and interest rates. The credit union emerged stronger financially and remains resilient and focused on serving your financial needs.

Asset Growth:

Our total assets decreased by 5.6%, reaching \$109,126,038 in 2023. This reduction was the result of management efforts to shrink our asset size, as total member deposits shrunk after their significant growth during the early part of the pandemic. We allowed mostly lower-rate investments to mature and did not replace them.

Loan Activity:

In 2023, we funded consumer loans at a healthy pace. Early on, mortgage loan payoffs were high as members refinanced elsewhere when rates were still low. We did not make mortgage loans to replace the run-off in order to help reduce our overall interest rate risk. Total loans still grew by \$3.6 million, or 6.0%, when compared to 2022.

Financial Condition:

Total reserves (equity) climbed to \$8,352,840, reflecting a 13.0% increase when compared to 2022. The credit union's equity ratio grew to 7.73%. The credit union is classified by our federal regulators as "Well Capitalized."

As we move forward, our commitment remains unwavering—to provide you with exceptional service, financial stability, and a strong community.

Thank you for your continued trust and membership in your credit union.

Respectfully,

M Mitchell Bonca

Treasurer