



# 2021

Annual Report



*Exceptional Banking. Exceptional Service*

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### A New Leader Takes the Helm

In 2021, after more than 25 years, Foothill's long-time CEO, Brian Hall retired after an incredible tenure. Brian began his career in 1995 when Foothill was serving 15,000 members with assets of \$50 million. In June, the credit union was serving more than 30,000 members with assets of just over \$600 million. The credit union is blessed to have a talented, passionate team as well as an incredible group of volunteers as our Board of Directors and Supervisory Committee who will ensure the credit union's success for the many years to come.

The Foothill team continued to serve our members by keeping branches open and practicing health and safety precautions for our in-branch guests. In addition to our team members serving in the branches, we deployed others to hybrid schedules, working both remotely and in the office. Through thoughtful and careful consideration, we were able to keep our Contact Center fully staffed and available as well as all other support functions needed to serve our valued members.

By the end of 2021, more than 200 million Americans were fully vaccinated creating a 'new' normal until the



### Michael Terzian, President and CEO

Mike Terzian joined Foothill Credit Union in July of 2021. With a passion for marketing and strategy, Mike hopes to improve the strategic outlook for Foothill and grow the organization over the next few years. Mike brought 18 years of credit union experience with him and is excited to see what the future holds for Foothill and its members.

### The Persistent Pandemic and 2021 Events

While Foothill was preparing for its leadership transition, the world, including California and the San Gabriel Valley continued to face the trials and tribulations of the ongoing COVID-19 pandemic. The beginning of 2021 also brought unseen political unrest to the nation's capital during a new president and vice-president certification. As the dust settled from this tumultuous transition, a \$1.9 trillion economic relief package was signed into law, intending to support families, schools, workers, and small businesses. This relief package helped ease the financial challenges of the pandemic and started what would become a strong economic recovery.

Much of Foothill's membership continued to face adversity in their daily lives. Many of Foothill's members who work in the health care and education fields faced physical, mental, and emotional strain, but remained dedicated to serving the local communities. Foothill's team members continued to stand tall throughout this uncertainty, ready to serve our membership and ensure their collective financial health.

contagious Omicron variant surfaced at the end of the year. Thankfully, the country has made huge strides forward in fighting the pandemic, creating a sense of optimism and hope. As we look ahead to 2022, new challenges including rising inflation will emerge. However, Foothill is prepared to meet these and anything else that may emerge in service of delivering on our mission.

Our commitment and dedication to fulfilling our mission remains as strong as ever. On behalf of the entire Foothill team, we are honored and privileged to serve the 31,000+ members and the communities they live and work in.

Respectfully Submitted,

Mike Terzian, CEO  
Scott Petterson, Board Chair



### Organizational Strength and Financial Performance

Throughout 2021, Foothill delivered a strong financial performance. Highlights of the credit union's performance included:

- More than 60% of Foothill's members maintained share accounts with balances of \$400 or more
- The credit union originated \$167 million in mortgages, helping members stay in their homes or purchase a new home
- Delinquent loans declined from 0.21% in December 2020 to 0.16% as of December 2021
- Net Worth declined due to robust deposit growth but remained above peer at 10.66%
- Return on Assets (ROA), the bottom line, totaled \$6.6 million or 1.00% for the year



### Infrastructure and Security

With more and more of our daily lives taking place online, criminals and bad actors have continued to evolve their tactics to exploit any opportunities. To mitigate as much risk as possible, Foothill has continuously deployed a strategy that invests in people, processes, and technology.

- On the people side, the credit union leverages both team members and member training to reduce the chances of identity fraud, phishing, ransomware attacks, and more
- From a process perspective, Foothill continually evaluates its procedures as well as employs third-party experts to evaluate and recommend

- best-practice improvements to all processes
- In 2021, our information security processes, and deployed technology helped keep the credit union and its members safe and secure in all channels from online to in-person to over the phone

Additionally, the credit union began a project that will carry over into 2022 aimed at improving our technology and infrastructure resiliency. Foothill's business continuity plan (BCP) will be enhanced as part of this project. This BCP enhancement will ensure that credit union operations are available should an unexpected disaster occur in California near Foothill.



### Unmatched Member Value Service and Delivery

While our branches remained open providing safe and valuable service, our mobile and online banking continue to grow in popularity with almost 60% of Foothill's members actively using digital services. In 2021 we had more than 51,000 checks deposited through our remote deposit capture (RDC) service with zero fraud losses. Last year, Foothill members moved approximately \$50 million through Zelle, our Person-to-Person (P2P) service.

Throughout 2021, Foothill also provided significant financial assistance to members in need. This assistance included:

- Pandemic related payment extensions on 157 loans
- Seven loan modifications (non-pandemic related)

## Executive Leadership



Michael Terzian  
Chief Executive Officer



Chris Andersson  
Chief Experience Officer



Jackie So  
Chief Financial Officer



Linnie Gooch  
Chief Technology Officer

- Payment extensions on 11 loans (non-pandemic related)



### Financial Education and Health

The credit union's dedication to member education and health has never been stronger. Our suite of educational offerings continues to grow in both the topics and delivery methods. From in-person to webinars to on-demand, Foothill provides valuable knowledge however and whenever our members want to receive it. Some of the most popular educational sessions included:

- Car-Buying Secrets
- Keeping Kids Safe Online
- Living Trust & Estate Planning seminars
- Road to Home Ownership seminars
- Internet Safety & Security seminars
- Understanding & Maintaining Good Credit seminars
- Money 101 and Credit 101 for students



### Looking Ahead

Our collective future is bright and full of promise. Foothill is energized and ready to deliver even more value to our membership over the next year. Our goal is to make sure our members today and tomorrow continue to receive exceptional value through unmatched products and services. Some of the exciting new services our members can look forward to include:

- Team member assisted chat
- AI-enabled search and automated chat
- 24/7 loan origination services provided by team

members

- Instant issue digital debit and credit cards
- Advanced control features for cards
- And more!

Our mission is to provide an exceptional member experience that improves all members' financial health. In 2021, Foothill's 'Return of Value to Members' (ROM) score placed it among the very top performers according to the industry research firm, Callahan, and Associates. This score represents the total value delivered by Foothill from delivery services to competitive rates and low fees, our ability to provide value is unmatched. We continued to give back to our members in many ways, including:

- Funding over \$25,000 in classroom grants across 14 school districts
- Offering scholarships to college students and adults looking to advance their careers in the health care industry or education fields
- Financial education in schools through Bite of Reality simulation program
- Sponsoring various events at our local schools, hospitals and in our local cities
- Volunteering and providing support to community heroes and essential workers



Jonah LaFollette  
Chief Strategy Officer



Silvia Miramontes  
Vice President of Human  
Resources & Organizational  
Development



Judy Schaeffler  
Vice President of  
Lending



Nathalie Bigon  
Executive Assistant

Balance Sheet	2021	2020
<b>Assets</b>		
Cash and cash equivalent	45,496,420	49,702,094
Investments	231,491,067	170,487,360
Loans receivable, net of allowance for loan losses	381,554,008	356,584,029
Accrued interest receivable	1,481,198	1,228,207
Property and equipment, net of depreciation	9,521,486	9,952,613
NCUA share insurance deposit	5,451,625	4,573,116
Mortgage servicing rights	2,165,131	1,844,485
Prepaid expenses and other assets	12,221,523	16,919,629
<b>Total Assets</b>	<b><u>689,382,458</u></b>	<b><u>611,291,533</u></b>
<b>Liabilities</b>		
Members' Shares	608,652,665	528,161,066
Notes payable	-	5,000,000
Accounts Payable and Other Liabilities	8,108,200	9,014,486
<b>Total Liabilities</b>	<b><u>616,760,865</u></b>	<b><u>542,175,552</u></b>
<b>Members' Equity</b>		
Appropriated (regular reserve)	2,507,811	2,507,811
Unappropriated (undivided earnings)	70,781,459	64,178,193
Equity acquired through merger	176,555	176,555
Accumulated other comprehensive income	(844,232)	2,253,422
<b>Total Member' Equity</b>	<b><u>72,621,593</u></b>	<b><u>69,115,981</u></b>
<b>Total Liabilities and Members' Equity</b>	<b><u>689,382,458</u></b>	<b><u>611,291,533</u></b>

Income Statement	2021	2020
Interest on Loans	13,990,369	13,746,593
Interest on Investments	<u>2,185,284</u>	<u>2,390,705</u>
<b>Total Interest Income</b>	<b><u>16,175,653</u></b>	<b><u>16,137,298</u></b>
Dividends on Members' Shares	2,001,638	3,065,031
Interest on Borrowed Funds	-	-
<b>Total Interest Expenses</b>	<b><u>2,001,638</u></b>	<b><u>3,065,031</u></b>
<b>Net Interest Income</b>	<b>14,174,015</b>	<b>13,072,267</b>
Provision (Credit) for Loan Losses	<u>600,000</u>	<u>964,858</u>
<b>Net Interest Income after Provision for Loan Losses</b>	<b><u>13,574,015</u></b>	<b><u>12,107,409</u></b>
Service charges and other income	7,329,465	6,360,493
Other Operating income	-	-
Rental income	189,745	189,545
Gain on servicing assets	879,394	591,895
Gain on sale of investments	-	4,151
Other non-operating income	<u>419,589</u>	<u>423,754</u>
<b>Total Non-Interest Income</b>	<b><u>8,818,193</u></b>	<b><u>7,569,838</u></b>
Salaries and Benefits	8,846,362	7,840,610
Office operations	3,839,284	3,597,747
Office occupancy	845,575	781,660
Other expenses	2,242,721	2,136,592
Other operating expenses	<u>15,000</u>	<u>132,833</u>
<b>Total Non-Interest Expense</b>	<b><u>15,788,942</u></b>	<b><u>14,489,442</u></b>
<b>Net Income</b>	<b><u>6,603,266</u></b>	<b><u>5,187,805</u></b>

Foothill Federal Credit Union's Supervisory Committee is an independent committee that has five committee members appointed by the Board of Directors that serve on behalf of the membership. The Supervisory Committee oversees accounting practices and ensures that the Board and Management are directing the Credit Union's operations in compliance with applicable regulations and safeguarding your assets.

The committee's responsibilities include:

- Selecting a CPA firm to perform the annual external audit
- Ensuring that internal audit work is performed in a thorough and timely manner
- Assessing the adequacy of the credit union's internal controls and making sure they are followed
- Guarding against potential fraud and other losses that could adversely impact the membership
- Reviewing internal controls and making recommendations for improvement to the Board

On behalf of the Supervisory Committee, I want to thank the Board of Directors and team members of Foothill Federal Credit Union for their dedication to protecting member assets and operating with integrity and sound business practices.

Kevin Hryciw  
Supervisory Committee Chair



Kevin Hryciw  
*Chair*



David Jaynes  
*Board Liason*



Brandon Craig  
*Member*



Ryan Chiechi  
*Member*



Tony Ramirez  
*Member*



Foothill's Board of Directors helps to oversee the credit union's business operations and helps guide the growth and goals of the organization. The volunteer board brings expertise from various professional backgrounds, many from the professional fields that Foothill serves, such as education and health care. The board also helps hold the CEO accountable for finances, budget, compliance, and financial policies and practices.



Scott Petterson  
*Chair*



Scott McCulley  
*Vice Chair*



Linda Dempsey  
*Treasurer*



David Jaynes  
*Secretary*



Marc Chaldu  
*Director*



Rafael Soriano  
*Director*



Tamara Murphy  
*Director*

At Foothill we pride ourselves in being more than just a bank to our members and our community. Our team members actively get involved with the business partners we serve, and because of that, Foothill has become recognized as a go-to resource for schools, hospitals, chambers of commerce and other community non-profits. Some of the ways we have provided community support in 2021 include:

#### School Partners:

- Support and sponsorship of education foundation events
- Providing annual student scholarships
- Granting “12 Wishes” to various schools within our business partners
- Providing financial literacy resources for in-class room, online, and in-person activities
- Supporting teachers and support staff during special recognition days
- Sponsoring & volunteering at school events, such as fun runs, fundraisers, carnivals, and more
- Providing lunch for staff in-service days

#### Hospital Partners:

- Support and sponsorship of Hospital Week and Nurse Appreciation Week events
- Sponsorship of the Daisy Award program at City of Hope
- Providing snack baskets for various departments at San Antonio Regional Hospital
- Sponsorship and volunteering at hospital foundation events and fundraisers
- Donation of gift cards & prizes for employee appreciation events
- Offering free coffee days in partnership with local coffee shops or on hospital campuses

#### Community:

- Serve as board members within local chambers of commerce
- Support and volunteering with Arcadia Rotary events
- Sponsorship of Glendora’s *Flashback to the 50’s*
- Sponsorship of State of the City events
- Offering educational seminars for local teen centers



Foothill Credit Union is a not-for-profit, member owned cooperative financial institution, serving school districts, hospitals, and other education and health care related organizations in the San Gabriel Valley. We offer many of the same traditional products and services offered by banks- but our earnings are returned to our members in the form of competitive loan rates and deposit rates, fewer fees, and personalized service. We consistently rank among the top of our peers in member service.

## Products and Services Offered

### Deposit Accounts

Manage your money today and save for future needs with secure deposit accounts:

- Protection Plus Checking
- Rewards Checking
- Regular Share Savings
- Summertime Savings
- Christmas Club Savings
- Rainy Day Savings
- Money Market Accounts
- Certificate Accounts
- IRAs & Education Savings
- Youth Accounts (ages 1-24)

### Convenience Services

We make it easy to access your account anytime, anywhere with the following services:

- Debit MasterCard
- CO-OP ATM Network access with over 30,000 Fee-FREE locations nationwide
- Free online banking
- Free online bill pay
- Free mobile banking with mobile deposit
- FastTeller automated phone banking

### Loan Accounts

Enjoy exceptional rates, low fees, and fast friendly service. Choose the loan that best meets your needs:

- Auto Loan
- Boat/RV Loan
- First Mortgage
- Home Equity Loan or Home Equity Line of Credit
- Personal Loan or Personal Line of Credit
- MasterCard- Platinum, Platinum Rewards, or Credit Builder
- Rainy Day Loan (tied to Rainy Day Savings)
- Student Loans (partnered with Sallie Mae)

### Other Services

- AutoLand- auto buying service
- Foothill Investment Services
- Green Path Financial Wellness
- TruStage Insurance Products
- Direct Deposit/Payroll Deduction
- Cashier's Checks
- Notary Service
- Coin Machine (free to members)
- Educational Seminars
- Shred Days

## Specialized Products and Services for Partner Employer Groups

Because Foothill was started as an educators' credit union, and soon after began to service the health care industry, we continually advance the product and service offerings for these specialized groups. During the COVID-19 pandemic, Foothill worked diligently to ensure our front line workers had the financial tools and services needed to continue being successful. Foothill regularly assesses the specialized products and services offered to employees in these industries. Some of these offerings include the following:

### Educators

- Summertime Savings Account
- Career Advancement Loan
- Career Supply Loan
- Classroom Improvement Grants
- Educator Plus Savings
- Technology Loan
- Loan rate discounts
- Career Advancement Scholarship
- Educational Resources for Students

### Health Care Professionals

- Hospital Certificate
- Career Advancement Loan
- Career Supply Loan
- Technology Loan
- Loan rate discounts
- Career Advancement Scholarship
- Educational Resources for Students



*Exceptional Banking. Exceptional Service*

www.foothillcu.org • 626-445-0950

**Branches:**

Arcadia

30 S. First Ave

Arcadia, CA 91006

Covina

928 N. Citrus Ave.

Covina, CA 91722

Glendora

645 S. Lone Hill Ave.

Glendora, CA 91740

**Mission:**

Foothill CU exists to improve members' financial health by providing an exceptional member experience and excellent financial products and services.

**Vision:**

To build lifelong member financial health through exceptional member relationships and community service.

**Core Values:**

- Striving for service excellence
- Open and honest communication
- Passionate, motivated team members
- A fun, friendly team environment
- Integrity and mutual respect for others
- Long-term team member development

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