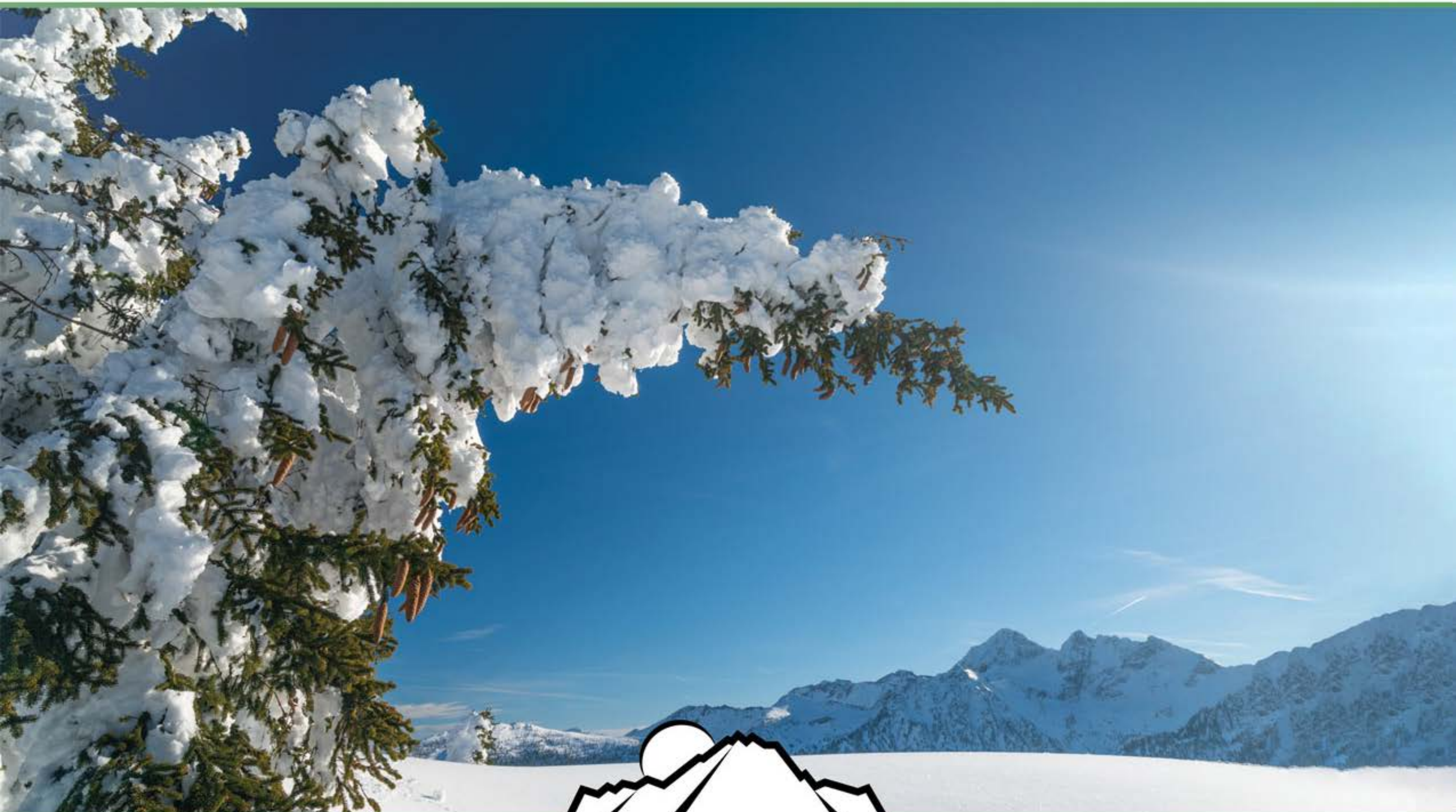


# 2020 ANNUAL REPORT



**WE BEND, BUT DON'T BREAK**



**MATANUSKA VALLEY**  
FEDERAL CREDIT UNION



# BENDING TO FIND THE



By now we've all heard those words "new normal" way too much! And ... when does the "New Normal" actually happen! Every day and seemingly every hour of 2020 we were resetting the normal. The impact of COVID was dramatic on everyone, financial institutions included. MVFCU Board of Directors and Executive Leadership team worked to create policies, systems and plans for dealing with an impact that no one anticipated or had ever dealt with previously. Staff took direction and implemented changes routinely – all in the effort to keep our members serviced, while keeping employees and members safe.

Now with 2020 behind us and a chance to look back, while that path forward was rocky, some of the results were amazing. Consider this:

- ▶▶▶▶ MVFCU provided services in the Community Offices for members daily throughout the pandemic in 2020.
- ▶▶▶▶ MVFCU modified services in the drive-ups and Live ATMs and created new virtual member services to provide more access to members at a distance.
- ▶▶▶▶ MVFCU employees faithfully served in offices, alternate work sites and remotely to provide what our members needed, often at a personal sacrifice.
- ▶▶▶▶ MVFCU's foresight and planning had already created a strong financial position for the Credit Union which allowed us to sustain the COVID crunch without any loss of member service or jobs to Credit Union employees.

It's true that we'll probably never go back to "the way it was" but in some ways, that's a good thing! We've weathered the pandemic storm and have come through it with products and services benefitting members much sooner than scheduled.

Thanks to our leadership, employees and faithful members, MVFCU begins 2021 embracing the "NEW NORMAL" knowing that we can bend without coming close to breaking and looking forward to continued success doing things *The MVFCU Way!*

## BOARD OF DIRECTORS



**Karen Foster**

CHAIR

**Joseph Hawkins**

VICE CHAIR

**Amy Roberts**

SECRETARY/TREASURER

**Crystal Stanley**

DIRECTOR



**David Combs**

DIRECTOR

**Douglas LeCren**

DIRECTOR

**Cecelia Bradford**

DIRECTOR

## SUPERVISORY COMMITTEE

**Matt Reisterer**

CHAIR

**Diana Long**

MEMBER

**Dave Taylor**

MEMBER

**Danalynn Dalrymple**

MEMBER

**Rick Antonio**

MEMBER





# MVFCU 2020 YEAR-END REPORT

Dear MVFCU Members,

Everyone started 2020, as most years, with high hopes and expectations. Things changed drastically early in the first quarter of the year with the detection of COVID-19 and the ensuing pandemic.

The virus impacted people globally with serious health concerns, devastating job losses, and restrictions to school, travel, and practically every aspect of everyday life. Each of us was affected in many different ways from the stresses of economic uncertainty, separation from extended family, fears of overburdening the health care system, and losing people we love to a merciless and arbitrary disease.

Our Credit Union was and continues to be here to help our members during this unprecedented time and has maintained a strong financial position to help our members weather this storm.

Looking back, we're proud to say MVFCU took action to help our member owners remain safe while fulfilling our commitment to meet their financial needs within their communities. Our offices stayed open during the pandemic by instituting appropriate precautions, and we made sure our electronic and web services provided continual access without the need for a physical presence. Additionally, we offered Payment Protection Loans and handled stimulus deposits while ensuring we looked out for the health and well-being of our employees and members.

MVFCU held its first virtual annual meeting and welcomed two new board members, Cecilia Bradford and Douglas LeCren to the Board of Directors. This past year, we also saw the departure of two long-term board members, Don Shiesl and Gaye Sarvela . Don and Gaye provided many devoted years of leadership to the Credit Union, and they, as well as the rest of our Board of Directors, deserve our gratitude for their time, energy, and steadfast efforts which helped build MVFCU into the dynamic institution it is.

We encourage you to take the time to review the 2020 financial report to see the amazing growth of the Credit Union in 2020 despite the pandemic. We grew to just under 50,000 members in Alaska and Hawaii, our Contact Center often answers 12,000 member calls per month, and we received approval to expand our field of membership throughout the State of Alaska.

We would like to extend a special thanks to all of our staff and volunteers for stepping up to ensure the Credit Union was able to achieve its mission in a challenging time.

Warm regards,



Ed Gravley  
PRESIDENT & CEO



Karen Foster  
CHAIR | BOARD OF DIRECTORS





# SUPERVISORY COMMITTEE REPORT

**At Matanuska Valley Federal Credit Union (MVFCU)**, the safety of our members’ assets is of the utmost importance. Significant steps are taken to provide the tools and protections necessary to ensure the security of the information and resources members entrust to MVFCU. One of these tools is a team comprised of local volunteers called the Supervisory Committee.

Federal regulations have established the primary function of the Supervisory Committee, “To ensure ongoing reviews and audits to make sure that credit union records are maintained properly, honestly, and accurately; that policies established by law and by the Board of Directors are carried out faithfully; and that members’ assets are safeguarded and used according to the purposes of the Credit Union.” The MVFCU Supervisory Committee is committed to fulfilling its duty to the membership through the performance of these key responsibilities.

A primary Committee responsibility is working toward strengthening the procedures used to ensure safety and soundness of member assets at MVFCU. A core part of this commitment is engaging our independent external auditor, Moss Adams, LLP. Moss Adams, LLP is one of the nation’s leading CPA firms with a specialized financial services practice group that is well equipped to provide an audit of MVFCU’s consolidated financial statements in an environment that is increasing in complexity. Moss Adams, LLP also provides a review of MVFCU’s Interest Rate Risk, Asset Liability Management, and Liquidity Management on a bi-annual basis. Additionally, in 2020 MVFCU contracted with Hauser, Jones & Sas to perform the annual Loan Underwriting and Credit Quality review of MVFCU’s member business loans as well.

The direction of MVFCU’s internal audit efforts is another responsibility of the Supervisory Committee. The periodic audits performed by an internal auditor provide an additional layer of review to the effectiveness and compliance of the internal policies and procedures as well as the federal regulations that MVFCU is operating within. The Supervisory Committee meets quarterly with management and the internal auditor.

The National Credit Union Administration (NCUA) also conducts periodic examinations. During our last examination, the NCUA looked at seven major risk areas: Credit Risk, Interest Rate Risk, Liquidity Risk, Transaction Risk, Compliance Risk, Strategic Risk, and Reputation Risk. As of June 30, 2019, the NCUA again provided MVFCU with an overall rating indicative of a well-managed credit union.

Your Credit Union continues to be a safe, secure, and well-run financial institution. You can place your trust and financial future in your locally operated financial cooperative with confidence.

Respectfully submitted,



Matthew J. Reisterer  
CHAIR | SUPERVISORY COMMITTEE



## STATEMENT OF FINANCIAL CONDITION YEARS ENDING DECEMBER 31

ASSETS	2020	2019
CASH AND CASH EQUIVALENTS	\$ 48,793,740	\$ 30,373,414
INVESTMENTS, AT FAIR VALUE	294,241,326	232,995,816
LOANS RECEIVABLE, NET OF ALLOWANCE FOR LOAN LOSS	302,197,346	275,285,846
PREMISES AND EQUIPMENT, NET	8,014,544	7,920,414
NCUA SHARE INSURANCE FUND	4,989,158	4,353,976
ALL OTHER ASSETS	5,665,583	5,435,548
<b>TOTAL ASSETS</b>	<b>\$ 663,901,697</b>	<b>\$ 556,365,014</b>
<b>LIABILITIES &amp; MEMBERS' EQUITY</b>		
MEMBERS' SHARES	\$ 586,112,670	\$ 487,735,859
OTHER LIABILITIES	5,384,746	5,015,665
RESERVES AND UNDIVIDED EARNINGS	65,440,243	63,477,619
UNREALIZED GAIN (LOSS) ON INVESTMENTS	6,964,038	135,871
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 663,901,697</b>	<b>\$ 556,365,014</b>

## STATEMENT OF INCOME & EXPENSE YEARS ENDING DECEMBER 31

INTEREST INCOME	2020	2019
INTEREST ON LOANS	\$ 14,277,733	\$ 14,008,333
INCOME FROM INVESTMENTS	5,349,091	6,345,133
<b>TOTAL INTEREST INCOME</b>	<b>\$ 19,626,824</b>	<b>\$ 20,353,466</b>
<b>LESS</b>		
DIVIDENDS	\$ 1,635,398	\$ 1,549,608
INTEREST ON BORROWED MONEY	8,988	10,790
PROVISION FOR LOAN LOSSES	1,645,394	1,995,092
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	<b>\$ 16,337,044</b>	<b>\$ 16,797,976</b>
<b>OPERATING EXPENSES</b>		
COMPENSATION AND BENEFITS	\$ 12,038,180	\$ 11,788,505
OFFICE OPERATIONS	3,067,564	2,825,953
PROFESSIONAL AND OUTSIDE	1,313,110	1,539,812
OFFICE OCCUPANCY	1,287,209	1,263,725
EDUCATIONAL AND PROMOTIONAL	822,056	580,390
OTHER OPERATING EXPENSES	436,598	403,932
TRAVEL AND CONFERENCE	96,253	252,948
LOAN SERVICING	133,221	92,100
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 19,194,191</b>	<b>\$ 18,747,365</b>
<b>PLUS</b>		
OTHER OPERATING INCOME	5,523,291	5,396,943
NON-OPERATING INCOME	(703,524)	2,066,726
<b>NET INCOME</b>	<b>\$ 1,962,620</b>	<b>\$ 5,514,280</b>

## SEVEN YEAR TRENDS

	SHARES	LOANS	AUTO LOANS	ASSETS
<b>2020</b>	586,112,670	306,279,325	98,876,615	663,901,697
<b>2019</b>	487,735,859	278,673,889	89,004,782	556,365,014
<b>2018</b>	447,348,486	260,897,963	73,155,729	507,012,028
<b>2017</b>	436,332,581	264,381,205	66,343,310	494,327,970
<b>2016</b>	422,027,847	252,210,486	54,521,015	475,783,734
<b>2015</b>	413,995,230	257,619,727	44,480,277	466,938,929
<b>2014</b>	378,027,789	217,172,394	38,636,540	426,936,017

	MEMBERS	NET WORTH	NET WORTH RATIO
<b>2020</b>	49,179	65,440,243	10.60%
<b>2019</b>	47,303	63,477,619	11.84%
<b>2018</b>	45,289	58,460,417	11.75%
<b>2017</b>	43,961	55,162,920	11.33%
<b>2016</b>	42,374	52,299,804	11.04%
<b>2015</b>	40,912	48,619,860	11.00%
<b>2014</b>	39,663	44,366,966	10.77%

## 2020 LOAN COMPOSITION

CONSUMER UNSECURED LOANS	17,933,871
AUTO LOANS	98,876,615
OTHER CONSUMER SECURED LOANS	32,702,700
RESIDENTIAL REAL ESTATE LOANS	100,586,113
COMMERCIAL LOANS	56,180,025



# WE BEND, BUT DON'T BREAK

IT'S THE MVFCU WAY





# PARTNERING WITH THE COMMUNITY

In spite of all that happened within our community with COVID, our mission remained the same in that **Matanuska Valley Federal Credit Union exists to improve our communities.**

Many organizations struggled to survive financially with some having to close for considerable lengths of time. Outreach was severely impacted as longstanding community events had to be cancelled or at best, done virtually. Consequently, MVFCU's impact and involvement to our communities transitioned to meeting specific needs dictated by the pandemic.

While we looked forward to 2021 and returning to a more normal schedule of monetary support and volunteering, we were still able to partner with our communities in some very significant ways.

## THE PAYROLL PROTECTION PROGRAM (PPP)

PPP offered through the Small Business Association (SBA) was created to allow financial institutions to lend money to struggling local businesses with the opportunity to have the loan forgiven, should all conditions be met. Issuing nearly \$10,000,000 in PPP loans, MVFCU was able to assist over 200 small businesses with their payroll needs. Each loan provided about 2 ½ months of payroll grants. Emotions ran high as our members received this federal assistance, many claiming this will keep their doors open as some cheered, while others cried, from the relief this stimulus provided to them.

Dear Matanuska Valley Federal Credit Union,

Thank you for the generous donation!

Sherrod Elementary students and staff would like to thank MVFCU for the generous donation of water bottles! Drinking fountains are closed due to COVID, having water bottles for students to use is so important! Your donation is greatly appreciated!

*Twila Osterkamp*

## \$500 FRIDAYS

MVFCU created a promotional campaign designed to GIVE money to members who used our VISA debit and credit cards. All total, MVFCU gave away over \$12,000 to our members. Many of the winners joyfully shared that the money came just in time, especially considering the financial hardships created by the pandemic on our economy.

## WATER BOTTLE CAMPAIGN

With COVID closing down access to public water fountains, MVFCU donated almost 500 water bottles to three (3) different schools. All were extremely thankful as shown by the letter...

## CASH FOR CANS

The Alaska CU League gave out over \$79,000 to local food pantries and food banks with more than \$9,000 of that given by MVFCU and our members. MVFCU donations were given to five (5) food banks within our membership area in AK. The impact was tangible as described by the letter...

In spite of the many cancelled events and sponsorship opportunities, MVFCU was still able to donate over \$25,000 to community organizations and events like:

- FRONTLINE MISSION
- AK RACEWAY PARK
- HEART REACH 5K FOR LIFE
- WASI MEALS ON WHEELS 5K
- CCS EARLY LEARNING
- SALVATION ARMY
- PALMER LITTLE LEAGUE
- PALMER VOLUNTEER FIRE ASSOCIATION
- BIG LAKE LIONS TRUNK OR TREAT
- WILLOW LIONS CLUB
- WEST LAKE FIRE DEPARTMENT
- ALASKA STATE FAIR-HOLIDAY LIGHTS
- COLONY DAYS-SIDEWALK CHALK/GARDEN ART FAIR
- WASILLA CHAMBER OF COMMERCE ZOOM LUNCHEON SPONSOR
- AMERICAN FOUNDATION FOR SUICIDE PREVENTION - OUT OF THE DARKNESS COMMUNITY WALK
- PALMER CHAMBER OF COMMERCE CHRISTMAS TREE LIGHTING
- HAWAII ROMAN CATHOLIC CHURCH COMMUNITY EVENTS
- MATSU SENIOR SERVICES MEAL TRANSPORTATION
- CHUGIAK/EAGLE RIVER CHIEF ALEX PARK FUND
- ADULT TEEN CHALLENGE SLED FOR HOPE

Dear Matanuska Valley Federal Credit Union,

On behalf of the Palmer Food Bank, I would like to personally thank you for your generous contribution of \$2769.29 to our organization. Many families who live on a fixed income, or are temporarily out of work, will greatly benefit because of your charitable compassion and thoughtfulness.

In addition to distributing food from a federal program, which includes food boxes specific for seniors and children, we also distribute food from donations. In fact, the majority of the food we distribute is from monetary donations. Like yours. We also provide limited energy assistance for families showing specific cause and need. Your monetary donation makes it possible to carry on these services in these difficult economic times.

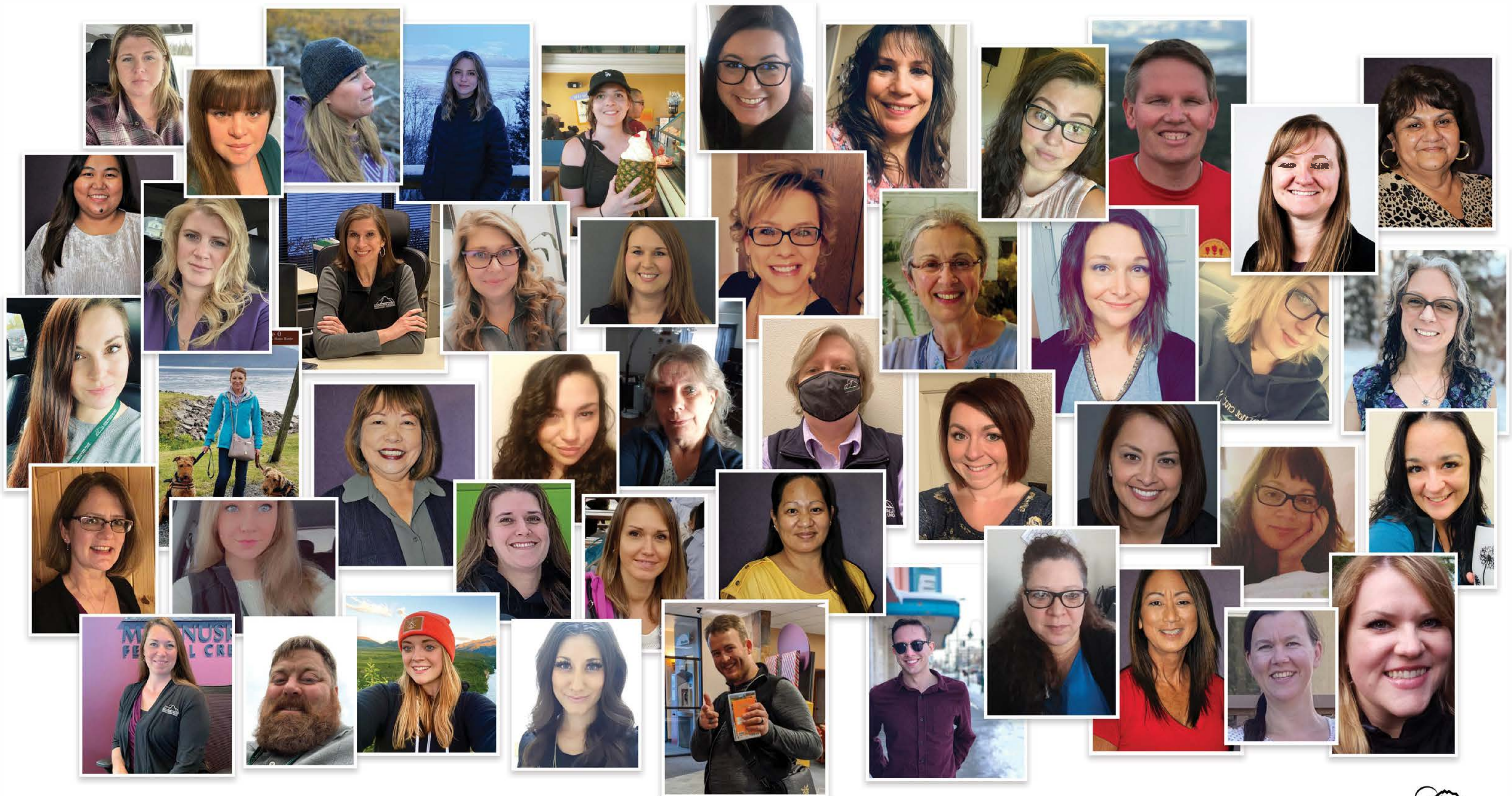
We could not help the hundreds of hungry individuals and families we serve without donors such as you. We deeply appreciate your generosity, and look forward to working with you in the future.

May God bless you, as you have blessed the less fortunate.

*Barbara*



ON BEHALF OF THE BOARD OF DIRECTORS AND EXECUTIVE LEADERSHIP TEAM, WE WANT TO EXPRESS OUR **DEEP APPRECIATION AND THANKS TO THE EMPLOYEES OF MVFCU** FOR THEIR DEDICATION, HARD WORK AND FAITHFUL SERVICE TO OUR MEMBERS IN 2020! WELL DONE!! **WE'RE SO PROUD OF OUR TEAM!**







**MATANUSKA VALLEY**  
**FEDERAL CREDIT UNION**

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**907.745.4891**

**Eagle River**  
**907.694.4891**

**Hawaii**  
**808.677.6206**

**1020 South Bailey St**  
**Palmer, AK 99645**

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