

2020 ANNUAL REPORT



A JOINT MESSAGE

From Our Board Chairman and President & CEO

2020 was an unprecedented year that brought many challenges, from a global pandemic and political division to record unemployment and financial hardships that struck communities and consumers across the nation. These critical challenges provided SkyOne Federal Credit Union the ability to show what Credit Unions stand for by stepping up and providing financial assistance that made a positive impact to our members, local businesses and the communities we serve. And even though we were faced with these incredible challenges, SkyOne was able to continue its trajectory of growth and remain a viable, strong financial institution.

In support of our members and communities facing financial hardships from the pandemic, SkyOne assisted over 1,600 members with loan payment assistance as well as providing the option of skipping payments for up to 6 months through our Loan Pause Program. We also provided 85 small businesses with Payment Protection Program relief that helped keep their doors open and employees paid. We re-imagined our branch experience by implementing safety measures and technology that helped keep our members and employees safe. Notably, all of this was taking place while our workforce quickly pivoted to either remote working or in a workspace that ensured that all safety measures were followed.

In 2020 we were able to forge new partnerships with many new small businesses and non-profits, as well as becoming the official Credit Union for the State of California PTA Association and their 700,000+ members. We also continue to focus on serving our airline transportation industry partners who have been a bedrock of the Credit Union. Through this focus on strategic partnerships, we have been able to reach new heights with a Membership growth of 10.45%, bringing us to 42,192 total Members.

Even with the significant growth we also saw a notable increase in our overall member satisfactions scores as well as positive comments from members.

We continue to strive for improvements in the experience we provide to members, and in our focus to make it easy to do business with SkyOne, we are excited about the enhancements and capabilities we were able to deliver in 2020. Our new suite of Credit Cards has been redesigned from the ground up, providing members with a wider range of options to better meet their payment preferences. This includes the ability to customize your rewards categories to ensure you are getting the most value each time you use your SkyOne credit card. Additionally, we implemented new online software that makes your home buying experience easier, launched a new online portal for new members to join online and continue to improve our security to protect your data, which is our highest priority.

In 2020 our total assets exceeded \$600 million while our total loans grew by \$75.9 million, a 21.55% increase over 2019. We ended the year with a \$50.1 million increase in total deposits, which is a 11.26% increase from 2019. Our assets under management continued to increase through our partnership with broker-dealer CUSO Financial Services, L.P. We have added additional consultants to help with our members' growing consultation needs, resulting in \$104.2 million in assets under management at the end of 2020, a 12.65% increase over 2019. Our net income for the year was \$3.3 million, which contributed to an increase in return on assets (ROA) of .60%. Our Net Worth ratio was 8.61%, which is considered well-capitalized by the NCUA.

As we move into 2021 we remain committed to providing an effortless experience for our members, including enhancing our online and mobile banking platform, adding a new branch location in El Segundo, CA as well as providing online chat capabilities to provide you with more options to connect with SkyOne. Given the ongoing protocols required to keep our members and employees safe, we believe incorporating more remote access options as well as ensuring our new branch adheres to safety standards will enable SkyOne to continue delivering the great service you expect.

As SkyOne continues to grow, we remain committed to providing our members with financial solutions tailored to their needs, creating an effortless experience and improving their lives. We thank you for choosing SkyOne Federal Credit Union.



Doug Murphy

Douglas R. Murphy
Chairman, Board of Directors



J E Whitaker

Joseph E. Whitaker
President & CEO



Comparative Statement of Financial Condition

	2020	2019	2018
Assets			
Cash	61,163,868	22,239,373	15,165,786
Investments	71,628,230	97,334,028	103,635,479
Loans	428,515,418	352,546,152	310,551,565
Allowance for Loan Losses	(8,781,733)	(7,518,276)	(9,758,841)
Fixed Assets	8,513,214	8,185,496	8,272,484
Other Assets	42,846,652	35,332,326	35,994,700
Total Assets	\$603,885,649	\$508,119,098	\$463,861,173
Liabilities			
Members' Deposit Accounts	495,517,058	445,373,342	420,190,610
Other Liabilities	61,494,263	18,964,931	3,879,705
Total Liabilities	\$557,011,321	\$464,338,273	\$424,070,315
Equity			
Regular Reserve	4,391,442	4,391,442	4,391,442
Undivided Earnings	40,022,312	36,679,537	34,617,467
Equity Acquired from Merger	5,734,532	5,734,532	5,734,532
Unrealized Accumulated Comprehensive Gain/(Loss)	(3,273,958)	(3,024,686)	(4,952,583)
Total Equity	\$46,874,328	\$43,780,825	\$39,790,858
Total Liabilities and Equities	\$603,885,649	\$508,119,098	\$463,861,173

Comparative Income Statement

	2020	2019	2018
Revenues			
Interest on Loans	19,967,119	17,993,764	15,724,628
Interest on Investments	1,452,581	2,494,399	2,698,148
Other Income	10,381,150	6,104,028	5,774,495
Total Revenue	\$31,800,850	\$26,592,191	\$24,197,271
Expenses			
Operating Expenses	20,588,640	18,543,752	16,383,424
Provision for Loan Losses	4,064,820	2,389,899	6,717,025
Member Dividends	3,138,963	3,473,030	2,788,919
Interest on Borrowed Funds	665,652	123,439	0
Total Expenses	\$28,458,075	\$24,530,120	\$25,889,368
Net Income	\$3,342,775	\$2,062,071	(\$1,692,097)

For 12 months ending December 31. Totals or subtotals may reflect a \$1 difference due to rounding.



Federally insured by NCUA.

Board of Directors

Douglas R. Murphy	Chairman
Theodore P. Byrne	Vice Chairman
Rick R. Thompson	Treasurer
Malachy T. Coghlan	Recording Officer
John G. Clancy	Director
Willoughby E. Henshaw	Director
M. Wayne Lynch	Director

Supervisory Committee

Robin Rush	Chairperson
Grace De La Cruz	Committee Member
Shirley Hingada	Committee Member
Trina Rios	Committee Member
Sunit Kaur	Committee Member

Management Team

Joseph E. Whitaker	President & CEO
Michael Carlos	Chief Technology Officer
Amy Chambers	Chief Operating Officer
Mayra Daigneault	Chief HR Officer
Shannon Doiron	Chief Marketing Officer
Scott Ko	Chief Financial Officer
Russ McAtee	Chief Lending Officer
Katia Santos	Vice President, Administration

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Supervisory Committee Report

Ensuring that our members' information and assets are secure continues to be our top priority. We continue to go above and beyond federally mandated audits and conduct extensive tests and audits to help strengthen our commitment to responsible and secure financial practices. The audit firm of Moss-Adams, LLP performed an Opinion Audit for the twelve months ending on June 30, 2020. We are pleased to report that the results of the Opinion Audit by the audit firm of Moss-Adams, LLP, have determined the Credit Union to be financially sound. In addition to the audits performed by our regulator (NCUA) and Moss-Adams, our Risk Management team conducted numerous internal audits and compliance reviews throughout the year.

Info@Risk, which specializes in information security assessments, continued conducting an extensive security analysis of our computer and network systems, including penetration testing, onsite branch security assessments, and social engineering. We're pleased to report that our security controls were effective in preventing access to our network and computer systems and have declared our network infrastructure to be secure. Additionally, SkyOne continues to update our internal processes and technology to ensure the safety of members' information, including system upgrades and enhanced training for employees.



A handwritten signature in black ink that reads "Robin Rush".

Robin Rush
Chairperson, Supervisory Committee

SPECIAL THANKS

To the following employees for their dedication in serving our members.

OVER 5 YEARS

Brandie Baldwin
Andrea Bruers
Elizabeth Chavez
Lawrence Curry
Mayra Daigneault
Elizabeth McMichael
Eric Orantes
Patricia Perez
Paul Rivas
Lori Scantlebury
Dean Tomita

OVER 10 YEARS

Trina Alli
Melinda Barmore
Rodney Brown
Maria Freeman
Adriana Gonzalez
Armando Gonzalez
Maria Hartmark
Francisco Merino
Daniel Mostovoy
Maria Perez
Cesar Ramos
Crystal Stokes

OVER 15 YEARS

Khristopher Hartmark

OVER 20 YEARS

Kelly Chaves
Kathleen Cunico
Dina Earl
Bambi Louie
Alma Rodriguez

OVER 25 YEARS

Anni Haroutunian
Sandra Jenkins
Shaher Jiwani
Ismael Rodriguez