



RIO GRANDE
CREDIT UNION
WE UNDERSTAND

RGCU ANNUAL REPORT 2020



We make
dreams
come true.



we make dreams come true...

new home

board members



Cynthia Borrego
Board Chair



Dan Mayfield
First Vice Chair



Lucy Sedillo
Second Vice Chair



Irene Serna
Secretary/Treasury



Dianne M. Brown
Director



Ron B. Maestas
Director



Mark Sanchez
Director

supervisory committee



Susan Biernacki
Chair



Patricia French
Member



Lisa Wilson
Member

leadership



Mike Athens
President/CEO



Roy Stange
Chief Financial
Officer



Paige Akers
VP - Risk
Management



April Bradshaw
VP - Operations



Jeff Cain
VP - Marketing



Lily Currin
VP - Human
Resources



Erin Gomez
VP - Specialty
Services



Tia Sabawi
VP - Lending



we make dreams come true..

college

contents

- 3 Board Members
Supervisory Committee
Leadership
- 7 Message from the Chair
- 8 Message from the President
- 10-13 Supervisory Committee Report
- 14-15 2020 Financials



we make dreams... come true...

new business

MESSAGE FROM THE CHAIR

DEAR MEMBERS,

In 2020, your Credit Union found itself in uncharted waters facing an unprecedented and catastrophic pandemic. Governmental restrictions limited activities by our staff and our members, challenging us to ensure that our facilities were safe, secure, and remained accessible to our members to meet their financial needs.

We found ourselves needing to make almost daily changes in operational functions, requiring constant communication and flexibility of our volunteers, management, and staff, as well as the understanding of our membership. Working together, we are navigating the pandemic and keeping Rio Grande Credit Union a strong organization.

2020's economic landscape impacted growth, as is to be expected. Preparing for the unknown has been an important part of our 68-year history. We were able to weather the storm this year because we were, and continue to be, well-capitalized. At year end, RGCU had over \$440 million in assets – a growth of over \$95 million for the year.

Because of our strength, we were able to assist our members when they needed it most by deferring, modifying or allowing members to skip loan payments and reduce or eliminate fees. We are proud of the Credit Union's demonstrated commitment to "people helping people."

On behalf of the entire Board of Directors, I thank our members for their loyalty. When the pandemic started, we made a promise that we would get through this together and we've done a pretty good job of it. The hard work is not over though. The Board of Directors will continue to represent all member-owners, keeping your financial well-being our priority while maintaining the health of the Credit Union.

Sincerely,

CYNTHIA BORREGO

Chair, Board of Directors

Because of our strength, we were able to assist our members when they needed it most...

– CYNTHIA BORREGO

MESSAGE FROM THE PRESIDENT

Dear Members,

With the COVID-19 pandemic, social unrest, and political turmoil, we were all put to the test in 2020. It is at times like these that Credit Union principles shine through – we are a cooperative financial institution whose existence is to serve our membership, putting people over profits. Throughout the year, we continued to pivot, always keeping our members' financial wellness our priority while maintaining the strength of the Credit Union.

AN ESSENTIAL SERVICE

As an essential service, Rio Grande Credit Union remained opened throughout the year in some capacity to provide much-needed services to our community. Keeping our staff and visiting members safe involved converting much of our staff to a remote workforce with only a few days' notice and modifying our branch procedures. Following guidelines by the Centers for Disease Control and Prevention as well as state and local health officials, we quickly implemented the sanitation and social distancing standards necessary to keep our staff and members safe. And we expanded the services we offered members through our remote channels like VideoCONNECT video banking and our new Interactive Teller Machines.

Throughout the year, our members have been patient and understanding when we had to close branches or modify branch hours. We opened a new branch on San Pedro to provide a more modern experience than the previous branch could deliver. And we continued to educate our members in the use of online and mobile banking services, allowing many transactions to be performed safely from home – including

opening new accounts and loans. Reserving in-branch visits for those services that cannot be performed from home allowed us to significantly minimize risks. During this past year, we enhanced our member reward program, added a debit card round up benefit, began offering a full range of business accounts and loans, and helped local businesses obtain Paycheck Protection Program (PPP) loans. For these things, we are grateful.

A FOCUS ON FINANCIAL WELLNESS

With shelter-in-place orders, businesses were forced to close – some permanently – and many of our members found themselves experiencing immediate financial hardships. To help, we quickly established a loan deferment





program, made short-term loans available, allowed members to skip loan payments, and waived fees on things like overdrafts. The balance between helping our members through the financial challenges of the pandemic while ensuring the financial strength of the Credit Union can be tricky, but we still had a positive return on assets at the end of the year – a testament to our Board, Supervisory Committee, staff and membership all working together.

2020 LOAN TRENDS

Amid pandemic lockdowns and economic uncertainty, rates remained at record lows. Combining this with the shelter order, consumers have had the time to rethink their finances and we've seen thousands of members refinancing their mortgage and auto loans. With the Federal Reserve planning to keep rates near zero through 2023, this is an optimal time for consumers to save money on their existing loans through payment reductions or a change in term. We have welcomed those conversations with our members and will continue to keep them abreast of these types of opportunities so they can make the most of their finances.

MOVING FORWARD

Despite the challenges, the Credit Union finished the year financially secure and in a position to persevere and grow. We are looking forward to 2021 and remain optimistic that we'll continue to be able to provide the very best financial services and support for our members.

Key to this will be two initiatives – one for the credit union and one for our membership. The credit union is committed to improving our efficiencies to offer better service, faster loan approvals, better technology, and expanded accessibility. As a not-for-profit financial cooperative, we only exist with active member participation. If you, your family or your neighbors are banking elsewhere, please move your relationship to your credit union. It is only together that we can grow.

In closing, I want to take this moment to thank our staff. Their commitment to our members never wavered and they continued to come to work every day. I am grateful for their fortitude. I also thank our members for their continued patience and support. It has been our pleasure to remain open throughout the pandemic, and we could not have done it without them. 2020 has proven that when we all work together, we can make dreams come true.

Sincerely,

MIKE ATHENS

President /CEO



To help [during the pandemic], we quickly established a loan deferment program, made short-term loans available, allowed members to skip loan payments, and waived fees on things like overdrafts.

– MIKE ATHENS



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retirement

ANNUAL *Report* 2020

Message from the Supervisory Committee

Rio Grande Credit Union's volunteer Supervisory Committee ensures that an annual audit of financial statements takes place and monitors internal controls to safeguard member assets.

The Supervisory Committee reviewed the December 31, 2020 annual external audit with Jaramillo Accounting Group, the independent firm conducting the audit. Rio Grande Credit Union received an "unqualified" opinion, the highest opinion possible. There were no material findings or weaknesses found during the audit. The results of the audit were favorable and determined Rio Grande Credit Union to be safe and sound in policy and practice. The audit, conducted in accordance with Generally Accepted Accounting Principles (GAAP), indicated that RGCU remains strong and financially stable.

Additionally, the Supervisory Committee prepared a 2020 Risk Assessment and Internal Audit Plan with the assistance of Carr Riggs & Ingram CPAs and Advisors (CRI), outside auditors the Committee engaged to provide internal audit services. We commissioned, reviewed and approved the following internal audits and related matters:

Bank Secrecy Act

- Policies and Procedures
- Identity Theft Protection
- Model Data Validation
- Monetary Instruments

Loan Operations

- Policies and Procedures
- Loan Account Reconciliations
- New Loans
- Allowance for Loan Loss

continued on pg12





continued from pg11

Deposit Compliance

- Regulation D
- Employee Training
- Regulations CC
- Regulation E

Deposit Operations

- Deposit Account Reconciliation
- Exception Reports

Loan Compliance

- Policies and Procedures
- Denied Loans
- Vendor Management

Asset Liability Management, Interest Rate Risk, Liquidity Risk and Investments

- Liquidity Risk Management
- Liquidity Risk Board and Committee Governance
- Policies

Wire Transfers

- Policies and Procedures

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literacy

ANNUAL *Report* 2020

Message from the Supervisory Committee

OTHER AUDITS

In addition to the above audits, the Supervisory Committee reviewed and approved the ACH Compliance Audit Report and ACH Risk Assessment prepared by ePay Advisors, a trusted financial partner providing payments related risk management and compliance services to Rio Grande Credit Union.

REGULATORY

The Supervisory Committee attended virtual meetings with our external regulators from the New Mexico Financials Institutions Division (FID) and National Credit Union Association (NCUA) regarding post-audit communications related follow-up to the 2020 FID and NCUA Exam.

EDUCATION

The Supervisory Committee attended virtually Sexual Harassment training as well as Bank Secrecy Act training.

ELECTION PROCESS/SELECTION COMMITTEE

The Supervisory Committee also acts as the Selection Committee for the election process and for any board vacancies. The Selection Committee oversaw the 2020 election process.

RGCU 2020 *financials*

INCOME STATEMENT

INTEREST INCOME	2020	2019	2018
Interest on Loans	15,754,925	16,080,734	14,614,281
Interest on Investments	1,377,501	1,331,907	1,179,089
Fee Income	7,641,621	7,499,758	7,334,047
Total Income	24,774,046	24,862,399	23,127,417

OPERATING EXPENSES

Employee Compensation/Benefits	8,813,210	7,427,482	6,792,097
Office Operations/Occupancy	6,310,499	4,877,356	3,885,254
Conference and Promotions	682,286	860,225	607,564
Provisions for Loan Losses	2,761,200	2,705,500	2,791,450
Miscellaneous	2,038,444	2,024,494	1,756,874
Total Operating Expenses	20,605,639	17,895,057	15,833,239

DIVIDEND EXPENSE

Dividends Paid to Members	3,211,520	2,475,597	1,967,984
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ASSESSMENT/GAIN (LOSS)

Gain (Loss) on Investments/ Disposition of Assets	(20,423)	(45,490)	23,899
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NET INCOME

Reserves and Undivided Earnings	936,465	4,446,256	5,350,094
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RGCU 2020 *financials*

BALANCE SHEET

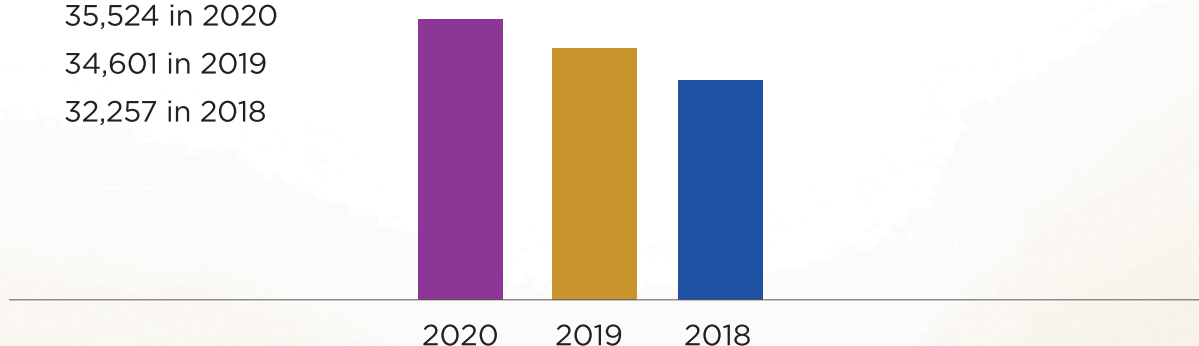
ASSETS	2020	2019	2018
Loans to Members - Net of Allowance for Loan Losses	257,889,057	256,652,738	251,140,493
Cash	2,949,150	2,476,864	2,500,626
Investments	152,993,671	68,645,682	53,582,336
Accrued Interest Receivable	3,649,638	1,015,553	1,036,987
Fixed Assets	18,798,365	12,210,383	12,154,183
NCUSIF Deposit	3,163,562	2,632,227	2,641,101
Other Assets	997,338	1,148,388	3,689,825
Total Assets	440,440,782	344,781,835	326,745,451
LIABILITY AND EQUITY			
Member Shares	380,995,655	287,507,628	274,353,958
Accrued and Other Liabilities	2,300,340	1,793,309	2,160,057
Reserves and Undivided Earnings	57,144,787	55,480,898	50,231,436
Total Liabilities & Equity	440,440,782	344,781,835	326,745,451

TOTAL MEMBERS

35,524 in 2020

34,601 in 2019

32,257 in 2018



Our *Mission...*

is to create a trusted partnership with our members that demonstrates excellent member service by providing financial education and solutions, competitive pricing, and convenience.



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NCUA