

STATEMENT OF FINANCIAL CONDITION

Period Ending December 31, 2019

ASSETS	
Loans	26,456,763
Allowance for Loan Loss	(380,896)
Cash	2,749,885
Investments	42,658,000
Fixed Assets (Net)	701,987
NCUSIF	653,471
Other Assets	682,482
TOTAL ASSETS	\$73,521,692

LIABILITIES & NET WORTH	
Accounts Payable	71,837
Other Liabilities	296,374
Member Share Accounts	61,466,505
Member Certificates	4,542,934
Regular Reserve	1,898,319
Undivided Earnings	5,118,802
TOTAL LIABILITIES & NET WORTH	\$73,521,692

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STATEMENT OF INCOME & EXPENSE

Period Ending December 31, 2019

INCOME	
Interest on Loans	1,795,258
Income from Investments	989,308
Fee Income	357,397
Other Income	536,638
TOTAL INCOME	\$3,678,600

OPERATING EXPENSES	
Salaries & Benefits	1,318,922
Training & Conference	8,174
Association Dues	6,617
Office Occupancy	185,790
Office Operations	1,006,787
Advertising	52,648
Loan Servicing	99,785
Professional/Outside Services	268,108
Operating Fee	11,500
Annual Meeting	4,517
Miscellaneous	14,309
OPERATING EXPENSES	\$2,977,157
Provision for Loan Loss	249,284
TOTAL OPERATING EXPENSES	\$3,266,441
Dividend Expense	11,961
Non-Operating Gain/Loss	(32,207)
NET INCOME	\$407,992



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PRESIDENT'S REPORT

We are at what I would call a banner moment for Bay Cities Credit Union and our members. The coming year has special significance because it marks the culmination of the major infrastructure upgrades we've been working on over the last three years to better serve our membership. It's an exciting time!

As we continue to work on changes to accommodate the 2020 launch of our new online banking platform and to prepare for our new core system, we are pleased to say that we're in a good position to implement valuable member service enhancements for your banking convenience. In fact, several such enhancements were already implemented in 2019:

Launch of our 24/7 LIVE call center at (510) 690-6100 - We closed our old automated voice response phone system and brought back the "PERSON TO PERSONalized service" you deserve with our 24/7 call center - open 24 hours a day, seven days a week.

Upgraded facilities for ADA compliance - We have redone our parking lot, bathrooms, ATM access and street parking to meet requirements under the Americans with Disabilities Act (ADA) and to ensure we are able to meet the needs of all our members.

Internal upgrade of phone systems - Our updated phone technology is designed to make us even more efficient and available to our members.

Improved auto loan service - By deepening our partnership with Enterprise Car Sales, we're striving to deliver value-added benefits for our auto-buying members to include the following: more new and used auto sales events, incentives such as rate discounts and add-ons to Kelley Blue Book® trade-in value, and a new Enterprise dealership for convenient shopping.

As the saying goes, the only thing that remains constant is change. Even as we wrap up these three years of significant change, the fact is that we encounter new products and challenges on a regular basis, and we must continually make decisions in the best interest of our members. Through everything, we have always maintained our focus on what is truly important - upholding our credit union philosophy of "People Helping People."

With that, we'd like to ask: What dream or financial goal can we personally help you with in 2020? We remain committed to meeting all your financial needs - and that includes providing you with easy loans and saving you money in the process. We genuinely care about your financial success, reflected by loan options that come with the best rate and most flexible term possible.

My sincere appreciation to our incredible staff and Board for everything they do to ensure that our members continue to enjoy a rewarding financial experience with us. On behalf of our entire team, I thank our entire membership for your trust and your strong partnership with Bay Cities Credit Union.

ROBERT JP MAGINNIS

President, Board of Directors

SUPERVISORY COMMITTEE'S REPORT

The main responsibilities of Bay Cities Credit Union's Supervisory Committee are to retain services for an annual examination of the financial condition of the Credit Union, coordinate the verification of member accounts, monitor the review of internal controls and ensure compliance with laws and regulations. Through these roles, the Supervisory Committee evaluates the soundness of Bay Cities Credit Union's operations and helps ensure that members' assets are safeguarded.

To help accomplish these important tasks, the Supervisory Committee engaged the accounting firm of Turner, Warren, Hwang and Conrad (TWHC) to perform a certified audit in accordance with regulatory requirements. Their audit results, along with the 2019 audit completed by the Department of Business Oversight (DBO) and the National Credit Union Administration (NCUA), indicate that Bay Cities Credit Union has kept accurate and timely accounting records, is in compliance with laws and regulations and is being managed in a safe and sound manner. Based upon the information gathered from these external audits, as well as our own internal audits to verify that controls are effectively maintained and adequately protect members, volunteers, management and staff, it is the Supervisory Committee's opinion that the Credit Union is financially sound, and the interests of its member-owners are being well-served.

The Supervisory Committee would like to thank Bay Cities Credit Union's management, staff, Board of Directors and members for their assistance and cooperation throughout 2019.

STACY MURPHY

Chairman, Supervisory Committee

