

2021



**ANNUAL REPORT**

PEOPLE PLACE



SCOTSD  
SESLCC  
S



## Chairman's Message

Upon entering 2021, it was clear our local and global communities were on a continued path of rebuilding after the pandemic. Growth goals were set lower, yet the mortgage refinance market contributed significantly to allow the credit union to outperform 2021 projections. We finished the year in a strong financial position.

We remained committed to providing the products and services to assist members in realizing their dreams. We funded 6,116 consumer, mortgage, and business loans, totaling \$294 million. With the record-low mortgage rates last year, 332 members were able to enjoy lower payments and save tens to hundreds of dollars each month, providing ease on the debt burden and helping these households have a little extra toward other monthly expenses. In September, the Level Up Member Benefits program was introduced, where consumer members received discounted loan rates for increased credit union activity. By year end, 502 consumer loans were eligible for this new pricing benefit, indicating the program encouraged engagement and retention among both our long term and newer members.

---

*We remained committed to providing the products and services to assist members in realizing their dreams.*

---

Net income for 2021 was \$3.75 million, which was well above original forecasts for the year. Assets grew at a rapid pace, reaching \$1.2 billion at year-end, driven by higher deposit inflows, which produced a 15.2% increase over 2020.

The whole credit union industry faced similar significant deposit influxes, which far outpaced loan growth and caused net worth erosion. Our NCUA Regulator has seen this erosion as a pandemic-related flight to safety and wants to encourage credit unions to continue to accept our member deposits. SESLOC had a net worth ratio of 7.79% in 2021 and remains very well capitalized.

On behalf of the Board of Directors, thank you for your continued support and dedication to SESLOC. Our strong and loyal membership has made our not-for-profit organization successful for eight decades—a remarkable achievement. We are excited to celebrate this anniversary with you in the coming year.

*Alden F. Shiers*

Dr. Alden Shiers ♦ Chairman of the Board





## President's Message

We entered 2021 fully impacted with a spike in the pandemic. It was a daily challenge, but we were pleased to keep all SESLOC branches open (occasionally just the drive-thru up north) when other local financial institutions closed doors for days or weeks without providing prior notice. We also expanded remote service offerings to make it easier to do business with us from home.

In 2021, we launched a Video Banking service to offer more personalized remote service—like a zoom call; offered subaccount opening, which provides the ability to open multiple savings accounts easily in online banking; and extended our Contact Center business hours to include 9:00 a.m. – 1:00 p.m. on Saturdays. In addition, one of our popular new SESLOC Rewards options, Pay with Points, made it possible to redeem points earned at point of purchase by simply responding to a text message. The pandemic has made us all more technically proficient. We observed three times as many transactions occurring online and on our mobile app than those occurring at all six branch locations combined.

One of our most significant responsibilities as a credit union is to deliver financial education and support education in general in the communities we serve. We had over 1,000 members participate in one or more of the 15 online seminars we hosted aimed toward financial well-being. We granted 38 Educational Grants to teachers in SLO and Northern Santa Barbara County schools for over \$18,000. SESLOC was the title sponsor of "If You Give A Child A Book" in conjunction with KSBY in September. Funded in large part by SESLOC employees and members, along with other viewer contributions, the drive was able to provide five books to every student in four lower-income schools. And our SESLOC Scholars curriculum (a 6-hour, online program using interactive, cutting-edge technology to engage students, and covers a range of topics including banking basics, credit and debit cards, investing and financing higher education) had 653 students actively participating in five high schools from Lompoc to San Luis Obispo. Currently, SESLOC is the only financial institution in the region to provide this benefit to local schools.

In the last year, we reflected upon the heart of our organization, which is **people and place**. Our newly refreshed brand look and feel—seen in fresh paint in the branches, a fresh new web site, online dashboard experiences and more—further captures the warmth and spirit of our members and embodies the *people helping people* philosophy, the generosity and strength of working together for a better community.

As we move into our 80th year of serving our communities, we are humbled by your trust and support in helping us be the longest-established credit union on the Central Coast. Thank you for your loyal membership, which we hope continues for generations to come.

Geri LaChance ♦ President/CEO



# Board of Directors

Director Emeritus:  
**Victor (Vic) Buccola**  
**Pauline Shaffer**  
In Memoriam:  
**Jim Park**, Director  
Served 1982 – 2017



**Dr. Alden Shiers**  
Chairman



**Tom Lebens**  
Vice Chairman



**Anthony Cangelosi**  
Board Financial Officer



**Barbara Melvin**  
Secretary



**Dr. Gary Hoskins**  
Director



**Jacquie Paulsen**  
Director



**Charlene Rosales**  
Director

## Supervisory Committee Report

SESLOC Federal Credit Union's Supervisory Committee is appointed by the Board of Directors. We ensure the safety and soundness of credit union operations, and their compliance with federal and state regulations and our own bylaws. Through our oversight of the credit union's audit function, we assure the credit union's financial statements are fair and accurate, that member deposits are adequately protected, and the credit union's risk mitigating policies and procedures are effective.

In 2021, SESLOC remained committed to servicing the needs of our members and supporting our community while continuing to meet the challenges of the ongoing pandemic. The results of the 2021 annual audit performed by Doeren Mayhew shows that SESLOC is well-managed and continued to perform appropriately to sustain a safe and secure future. Doeren Mayhew is a third-party external CPA firm specializing in auditing credit unions.

The assistance and cooperation of staff, management and the Board of Directors in the performance of their duties is much appreciated, as well as the time and effort of our current Committee member volunteers.

*Ken San Filippo*

Ken San Filippo ♦ Chairman



**Ken San Filippo**  
Chairman



**Lee Cunningham**



**Dan DeGroot**



**Stacy Kolegraff**



**Barry VanderKelen**

## FINANCIAL CONDITION

ASSETS	2020	2021
Loans to Members	\$ 665,928,431	\$ 696,923,887
Allowance for Loan Losses	(4,994,475)	(4,530,000)
Cash	8,197,467	9,208,825
Investments	340,325,547	466,972,422
Fixed Assets	19,175,252	18,247,338
NCUSIF Share Insurance Fund	8,132,683	9,349,151
Other Assets	6,662,366	5,955,624
<b>Total Assets</b>	<b>\$1,043,427,271</b>	<b>\$ 1,202,127,247</b>

### LIABILITIES AND MEMBERS EQUITY

Shares of Members	\$ 942,325,487	\$ 1,097,556,716
Other Liabilities	9,292,685	12,108,241
Restricted Reserves	8,200,685	8,200,685
Undivided Earnings	81,729,412	85,478,361
Unrealized Gain/Loss	1,879,002	(1,216,756)
<b>Total Liabilities &amp; Equity</b>	<b>\$1,043,427,271</b>	<b>\$ 1,202,127,247</b>

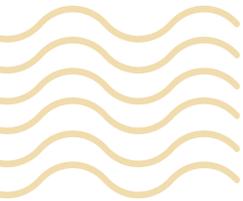
## INCOME AND EXPENSES

INCOME	2020	2021
Interest on Member Loans	\$ 28,329,943	\$ 27,267,439
Income from Investments	2,124,712	1,884,425
Fees & Charges	6,949,248	7,642,838
Other Income	699,355	654,598
<b>Total Gross Income</b>	<b>\$ 38,103,258</b>	<b>\$ 37,449,300</b>

### OPERATING EXPENSES

Compensation & Benefits	\$ 17,316,140	\$ 18,442,640
Travel & Conference Expenses	77,684	177,436
Association Dues	86,057	91,580
Office Occupancy	2,103,013	2,000,444
Office Operations	5,275,388	5,885,152
Education & Promotion	696,403	875,698
Loan Services Expense	875,629	1,008,802
Professional & Outside Services	3,236,307	3,472,148
Provision for Loan Losses	2,872,836	227,380
Federal Operating Fee	227,976	210,482
Losses: Checks & Share Drafts	171,658	223,663
Miscellaneous Expenses	20,747	50,697
<b>Total Operating Expenses</b>	<b>\$ 32,959,838</b>	<b>\$ 32,666,122</b>
Dividends	2,707,677	1,706,434
Non Operating Gain	458,880	672,205
<b>Net Income</b>	<b>\$ 2,894,623</b>	<b>\$ 3,748,949</b>





# Giving Back

to Members and our Community



# \$62,415

The amount YOU contributed to Food Banks of San Luis Obispo and Santa Barbara counties, KSBY's "Give a Child a Book" Fundraiser and Family Care Network's "Give Joy" holiday campaign.

## Level Up

Membership got better.

With our new benefits program, consumer members earn points for transacting, saving, borrowing and membership loyalty.

The more points earned, the more benefits given.



# ACHIEVEMENTS

**\$4,400**

awarded in prizes for the **Save to Win** 12-month Share Certificate, helping build healthy savings habits.

**10 TONS**

of confidential documents destroyed during **Shred Days**.

**1,000+**

members attended at least one of our **financial education webinars**.

**18.1 TONS**

of CO2 reduced by our staff's participation in Rideshare's **alternate transportation** program.

**34%**

**reduction in debt** by members who utilized financial counseling, via our partners at Greenpath.



## NEW SESLOC REWARDS

Offered cash back, premium gift cards and point redemption via text message with Pay with Points.



## ACCOUNT OPENING ONLINE

Consumer members may now open select deposit accounts in Online Banking, skipping a branch visit.



## GOOGLE AND SAMSUNG PAY

Made digital wallet payments easy and contactless for Android users.



## MORE ACCESS

The Contact Center was opened on Saturdays for calls and Live Chat, plus Video Banking offered a new way to bank remotely, yet still face-to-face.



## SESLOC Returns to CAL POLY

**GO MUSTANGS!** In the fall of 2021, we opened a new branch at Cal Poly, extending our affordable financial services to the campus community. A 24-hour ATM provides cash withdrawals as low as \$5 and our free checking accounts help make student budgets go further. In addition, we are providing deposit services for 400 Registered Student Organization on behalf of Associated Students (ASI), and leveraging student-run services like Mustang Media Group. Most importantly, our financial programming is available for students.



## Continuing our Tradition of Supporting K-12 Schools

### Education Grants

SESLOC awards education grants in amounts up to \$500 for innovative and creative projects and equipment that go beyond the usual K-12 classroom budgets. This program honors our original roots as a credit union founded by educators.

#### Education Grant Recipients

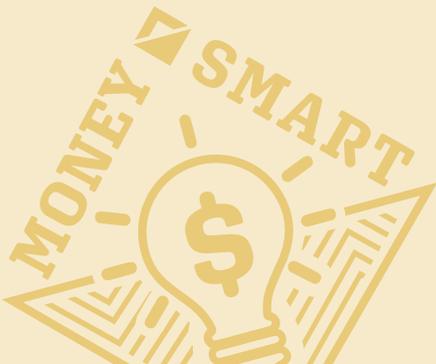
**ELEMENTARY SCHOOLS:** Almond Acres Academy | Baywood | Bellevue-Santa Fe Charter | Cambria Grammar Cappy Culver | Cuesta College for Kids | Dana | Fairgrove | Family Partnership Charter - Morro Bay and Santa Maria Grover Beach | Kermit King | Mary Buren | Nipomo | Oakley | PRISC Home School | San Benito | Shell Beach | Sinsheimer

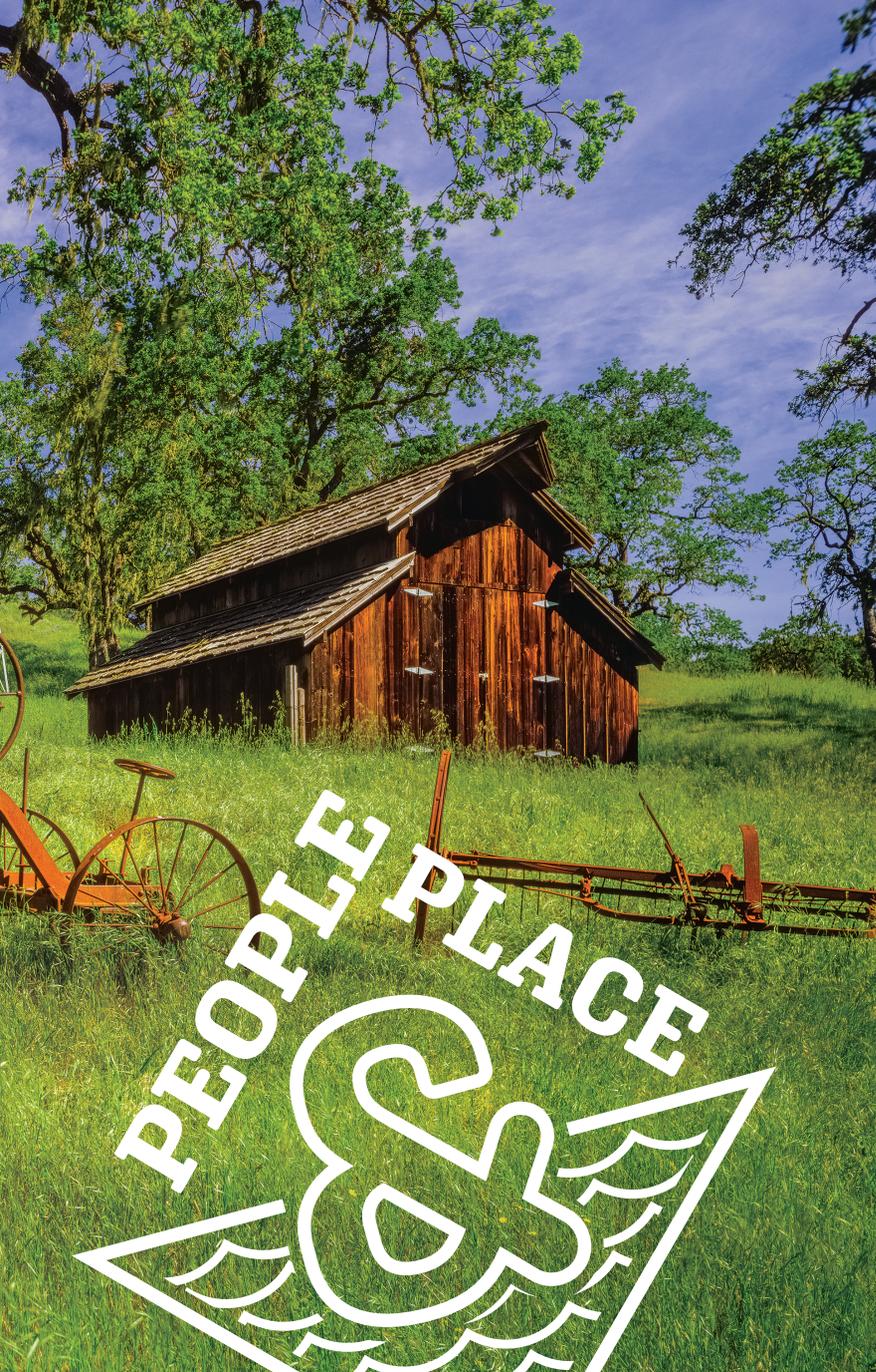
**MIDDLE AND HIGH SCHOOLS:** Arroyo Grande | Atascadero | Cabrillo | Central Coast New Tec | Fessler | Maple | Mesa Orcutt Academy | Paloma Creek

### SESLOC Financial Scholars

The **SESLOC Financial Scholars** program provides online courses to eleven high schools to help build knowledge of banking basics, budgeting, credit, investing, and financing higher education. This past school year, 653 students at five local high schools completed 1,585 hours of learning.

One student shared, *"I will use what I learned in this course all the time. This is stuff that is needed in the modern world and having this information will benefit me constantly."*





**SESLOC.ORG**  
**(805) 543-1816**

**Paso Robles**

705 Golden Hill Road

**Atascadero**

8380 El Camino Real

**San Luis Obispo**

3807 Broad Street

**Cal Poly Campus**

University Union Plaza

**Arroyo Grande**

1399 East Grand Avenue

**Santa Maria**

2506 South Broadway

**Headquarters**

3855 Broad Street,  
San Luis Obispo



Savings are federally insured to at least \$250,000 and backed by the full faith and credit of the U.S. Government. National Credit Union Administration, a U.S. government agency.