

# 2013 Annual Report



**Arrowhead team members volunteer to help renovate Heritage Park in Redlands.**

## BOARD OF DIRECTORS

Patricia Cole  
Daniel Hynes  
Sherry Kendrick  
John McCormack  
Tim McHargue  
Thomas A. Potter  
Robin Steege

## SUPERVISORY COMMITTEE

Beth Bockenbauer  
Cathleen Farrar  
James Hale



Your savings federally insured to at least \$250,000 and backed by the full faith and credit of the U. S. Government

(800) 743-7228



[www.arrowheadcu.org](http://www.arrowheadcu.org)



**ARROWHEAD**  
CREDIT UNION



# 2013 ANNUAL REPORT

## Summary of Consolidated Financial Statements

### Message From the Chairman



On behalf of the Board of Directors, it is our pleasure to serve Arrowhead Credit Union.

As the largest locally controlled financial organization in the Inland Empire, we believe we have a responsibility to give back—to our members and to our community. The

financial results you see for 2013 are a reflection of our commitment to serving the best interest of our members.

While we celebrate the successes of 2013, including providing members with an updated website, improved Online Banking, and a new mobile app, what stands out to me most is the human element. We are people helping people, and ultimately, it is our caring and service levels that will set us apart.

As we look to 2014, we remain committed to serving the financial needs of our members through improved products, competitive rates, and truly exceptional service.

Thomas A. Potter  
Chairman, Board of Directors

### Supervisory Committee Report



The Supervisory Committee is an independent group of volunteers who represent the Credit Union's members. Our role is to ensure that the Credit Union is managed in a manner that is fiscally and ethically sound.

The Committee engaged the CPA firm of Turner, Warren, Hwang and Conrad to perform an independent opinion audit as of December 31, 2013. Their audit report indicates that the financial statements fairly represent the financial condition and operational results of the Credit Union.

This committee also reviews operational, compliance and examination reports to ensure the Credit Union's operations are consistent with applicable laws, rules and regulations. Based on these reviews, it is our opinion that Arrowhead Credit Union is operating in a safe and sound manner, and is compliant with applicable laws, rules and regulations.

James Hale  
Chairman, Supervisory Committee

### STATEMENTS OF FINANCIAL CONDITION

<b>ASSETS</b>	<b>2013</b>	<b>2012</b>
Cash in Banks & Investments	\$400,685,872	\$303,795,393
Loans - Net of the Allowance for Loan & Lease Losses	346,522,956	368,008,226
Property & Equipment	11,458,421	13,781,603
Other Assets	14,795,499	14,022,919
<b>Total Assets</b>	<b>\$773,462,748</b>	<b>\$699,608,141</b>

<b>LIABILITIES &amp; MEMBERS' EQUITY</b>	<b>2013</b>	<b>2012</b>
Members' Share Accounts	\$658,216,079	\$612,399,787
Other Liabilities	25,077,863	24,022,492
Total Liabilities	683,293,942	636,422,279
Members' Equity	90,168,806	63,185,862
<b>Total Liabilities &amp; Members' Equity</b>	<b>\$773,462,748</b>	<b>\$699,608,141</b>

### STATEMENTS OF INCOME

	<b>2013</b>	<b>2012</b>
Interest Income	\$27,838,505	\$31,540,844
Interest Expense	1,459,967	1,546,146
Net Interest Income	26,378,538	29,994,698
Provision for Loan Losses	(2,492,000)	3,934,206
Net Interest Income after Provision for Loan Losses	28,870,538	26,060,492
Non-Interest Income	25,904,640	27,783,844
Non-Interest Expense	32,309,658	28,325,840
<b>Net Income</b>	<b>\$22,465,520</b>	<b>\$25,518,496</b>

Turner, Warren, Hwang & Conrad Accountancy Corporation conducted the annual audit of the 2013 financial statements of the credit union. The financial statements above are condensed for readability and do not meet the full disclosure requirements of generally accepted accounting principles, and not presented in their audited format. Full, audited copies of the financial statements are available at Arrowhead Credit Union's administrative office.