



PASADENA
FEDERAL CREDIT UNION

Engage. Educate. Inspire.



2021 ANNUAL
REPORT



PRESIDENT'S REPORT

"This is just the beginning." That was the theme heading into 2021, with signs then pointing toward the end of the global pandemic and the start of numerous initiatives that would accelerate Pasadena Federal Credit Union's growth trajectory.

However, we quickly learned that pandemic conditions were far from over and many headwinds remained. In spite of this, we continued to push forward and consistently delivered superior products and services to our members and our community while maintaining our high levels of service.

Pasadena FCU now serves over 13,000 members. We are making more loans and helping more local residents achieve their dreams with competitive rates that big banks and other financial institutions simply can't beat. In fact, we received the Credit Union National Association's Certificate of Excellence for saving our membership nearly \$2 million over the course of a year with our rates on auto loans, credit cards, home loans and deposit accounts.

During this past year, Pasadena FCU:

- Launched a new online and mobile banking platform with greater functionality
- Enhanced our technology capabilities, improving members' data security
- Increased our donations for the third consecutive year to support causes in the local community
- Relocated the branch to a location closer to the residences of a majority of our members
- Received recognition again from readers of local publications as their recommended credit union

I am deeply grateful to our members, who continue to strengthen their not-for-profit credit union by increasing deposits and loan balances as well as referring friends and family. During this past year, I met many wonderful, loyal members who entrusted us with their financial future and weathered financial hurdles with us by their side: I thank each of these members, and all of our members, for the opportunity to serve and to help provide financial peace of mind.

Thank you to our hard-working staff for their service to members. Their resiliency and positive approach have been inspiring over these past two challenging years.

2021 was just the beginning of a future of growth, enhanced services and increased efforts to enrich members' lives and enhance our community's prosperity. I am excited for what's in store in the upcoming year and look forward to introducing improved ways for your credit union to engage, educate and inspire the Pasadena community and beyond.

Gary Skraba
President/CEO



COMMUNITY SUPPORT

CHAIR'S LETTER

2021 was a transitional year for Pasadena Federal Credit Union. Our goal remained the same: to be a growing, community-focused financial institution where members can trust that their finances are in good hands and their best interests are of utmost priority.

During this past year, the most significant event was the sale of our headquarters and branch building on Fair Oaks Avenue. It was a strategic decision, made to put the Credit Union in a stronger position for success in the future by allowing us to:

- Free up access to capital
- Migrate outdated systems to secure, cloud-based solutions
- Increase member data security and privacy
- Improve branch accessibility and response times
- Leverage the expertise of dependable service providers

We decided to open our first branch in a location that is central to where the majority of our members live, making it more convenient for them to bank with us. The newly constructed location will provide a welcoming, consultative environment with modern amenities to help members build for the future.

In addition, we invested in a variety of financial education resources to empower our members to become more confident in managing their finances. These resources include online modules, mobile phone courses, and in-person events that help members of the community gain a practical, real-world understanding of their finances. We will further increase our efforts to provide financial knowledge and resources throughout local communities and drive awareness.

In 2021, we funded over \$43 million in loans to members, including nearly \$20 million in mortgages and nearly \$17 million in vehicle loans, with the focus on helping members finance their biggest purchases at low, money-saving rates. We also funded nearly 1,000 unsecured loans, including credit cards, to help members with everyday needs. This lending to the community is core to our 86-year-old Credit Union's purpose. Since joining the Board of Directors in 2016, I have seen the Credit Union more than double our loan portfolio from \$51 million to over \$130 million.

Financially, we're stronger and we continue to grow in service to the local community. The transition from our previous site, along with our investments in technology and physical delivery, resulted in Net Income in 2021 of over \$6.2 million, further shoring up the resources available for future growth. We are also nearing a quarter-billion dollars in assets, all while maintaining our focus on local, personalized service, one member relationship at a time.

Pasadena Federal Credit Union is now in a great position to expand our impact in the local community on multiple levels: digital enhancements, expanding our physical presence, involvement in local events, support for local causes, financial education, and so much more. Your Board of Directors looks forward to what we can do to inspire and strengthen our local community together.

Doug Duong
Board Chair



COMMUNITY- FOCUSED



STATEMENT OF FINANCIAL CONDITION

SUPERVISORY COMMITTEE REPORT

It is the responsibility of the Supervisory Committee to serve as an advocate for the membership by ensuring that the Credit Union is operated in a fiscally sound manner, and to safeguard its members' best interests. To assist in this duty, the committee engaged Turner, Warren, Hwang & Conrad, AC, an independent certified public accounting firm to perform our annual audit in 2021.

It is the opinion of the Supervisory Committee that the financial statements published in this report fairly and accurately represent Pasadena Federal Credit Union's financial condition, and that Pasadena Federal Credit Union is managed in accordance with state and federal regulations.

Veronica Jones
Chair, Supervisory Committee

Assets	December 31, 2021	December 31, 2020	% Change
Cash & cash equivalents	\$ 17,490,140	\$ 35,950,799	-51.35%
Investments:			
Securities held-to-maturity	-	9,698,103	-100.00%
Securities available-for-sale	59,913,998	-	
Other	18,888,005	33,365,005	-43.39
Loans, net	130,619,816	119,225,754	9.56%
Accrued interest receivable	389,870	362,056	7.68%
Premises and Equipment, net	328,648	2,219,214	-85.19%
Share insurance capitalization deposits	1,849,252	1,611,151	14.78%
Other assets	5,671,592	8,506,743	-33.33%
Total Assets	\$ 235,151,322	\$ 210,938,824	11.48%

Liabilities and Members' Equity

Liabilities	December 31, 2021	December 31, 2020	% Change
Members' shares	\$211,796,231	\$ 192,954,541	9.76%
Accrued expenses & other liabilities	878,640	1,151,726	-23.71%
Total Liabilities	\$212,674,871	\$ 194,106,266	9.57%
Members' Equity			
Regular Reserve	\$ 2,375,584	\$ 2,375,584	0.00%
Undivided Earnings	20,741,423	14,456,974	43.47%
Accumulated Unrealized Gains (Losses) on AFS Securities	(640,556)	-	-
Total Members' Equity	\$ 22,476,451	\$ 16,832,558	33.53%
Total Liabilities & Members' Equity	235,151,322	\$ 210,938,824	11.48%

INCOME STATEMENT

Interest Income	December 31, 2021	December 31, 2020	% Change
Loans	\$ 4,497,421	\$ 4,323,582	4.02%
Investments	418,302	651,703	-35.81%
Total Interest Income	\$ 4,915,723	\$ 4,975,285	-1.20%
Interest on Borrowed Money	\$ 5	\$ 6	-19.42%
Dividends on Members' Shares	798,695	981,023	-18.59%
Total Interest Expense	\$ 798,700	\$ 981,029	-18.59%
Net Interest Income	\$ 4,117,023	\$ 3,994,256	3.07%
Provision for Loan Losses	51,550	119,396	-56.82%
Net Interest Income After Provisions for Loan Losses	\$ 4,065,473	\$ 3,874,860	4.92%
Interchange Income, Fees & Charges	\$ 1,525,249	\$ 1,273,631	19.76%
Rental Income	86,526	186,024	-53.49%
Other	113,418	89,054	27.36%
Total Non-Interest Income	\$ 1,725,193	\$ 1,548,709	11.40%
Compensation & Benefits	\$ 3,113,226	\$ 3,064,698	1.58%
Office Operations	1,689,942	1,545,442	9.35%
Office Occupancy & Other	1,504,254	1,190,898	26.31%
NCUSIF premium assessment	0	0	
Total Non-Interest Expenses	\$ 6,307,421	\$ 5,801,039	8.73%
Net Non-Interest Income	\$ (4,582,229)	\$ (4,252,330)	7.76%
Operating Income/Loss	\$ (516,755)	\$ (377,470)	36.90%
Non-Operating Income/Expense	6,801,205	153,668	4325.91%
Net Income/Loss	\$ 6,284,450	\$ (223,802)	-2908.04%



PASADENA
FEDERAL CREDIT UNION

1285 North Lake Avenue
Pasadena, CA 91104
(626) 799-0882
(800) 445-PFCU Toll-Free
www.pfcu.org

Board of Directors

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R. Derderian, Director
B. Weitkamp, Director Emeritus
R. Bicker, Director Emeritus

Supervisory Committee

V. Jones, Chair
R. Haluschak
K. Law
S. Mendoza
A. Trashian
C. Treviño

President/CEO

Gary Skraba



Pasadena FCU



@Pasadena.fcu

