

Chair's Report

Board of Directors

R. Haluschak, Chair
D. Duong, Vice Chair
D. Coates, Secretary
R. Derderian, Director
V. Jones, Director
B. Weitkamp, Director Emeritus
R. Bicker, Director Emeritus

Supervisory Committee

D. Duong, Chair
J. McDermott
L. Hammond

President/CEO

Gary Skraba



PASADENA
FEDERAL CREDIT UNION

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PASADENA
FEDERAL CREDIT UNION
Celebrating our 85th Year

2019 Annual Report

2019: An investment in the future

Your Credit Union Board of Directors and management team remain committed to the constant improvement and growth of Pasadena Federal Credit Union, building on our foundation to be the premier financial institution in the city and in the San Gabriel Valley. This commitment is designed to position the Credit Union to expand its reach and capabilities while also maintaining the high level of personalized service in the decade ahead.

In 2019, Pasadena FCU took the next step in this journey, as members increasingly chose the Credit Union for mortgages, auto loans, and credit cards. With our loan rates and terms that are among the best in the local market, easily beating the banks for value, we are fulfilling our mission of helping people to live their best financial lives.

During 2019, our lending department funded over \$40 million for the second year in a row; you can see the results in the Annual Report, which shows that total loans grew by over 13%. We are committed to providing affordable loans that help our members buy a new home, drive their next car, and finance their dreams.

At the same time, the Credit Union is also increasing the benefits to the increasing number of members who trust us to help make their money grow. In 2019, Pasadena FCU more than doubled the total yields paid on deposits, as members received nearly 130% more in dividends than in 2018, even as interest rates in the economy were declining. As stated last year at this time, we expect the return to our members to increase even more during this upcoming year.

Combined, the increase in money-saving loans and the higher dividends on deposits resulted in

creating even more value for the members of this not-for-profit cooperative credit union. We are grateful to our members for their growing participation, as this is how we can each build a better financial future together.

In addition to the value that the Credit Union brought to our members this past year, we also committed resources to make our members' experiences with us even better. For example, the branch lobby received a long overdue makeover to increase its openness and improve the aesthetics as well as member security. Additionally, our credit cards now have the added capability for contactless transactions, with contactless debit cards soon to follow. Our new website debuted earlier this month, which was the first step in improving our digital delivery, as we expect to have a new, improved online banking and mobile banking experience introduced within the next twelve months.

Furthermore, we know that our employees' friendly, personalized service is what keeps our Credit Union as the primary financial institution for our members. I want to thank our employees for their professional, friendly service.

While we are heading into a new decade with many planned enhancements in motion, we remain committed to the same mission: always improving the Credit Union to help our members enjoy a brighter financial future.

Thank you for your membership in Pasadena Federal Credit Union.

Richard Haluschak
Board Chair

President's Report

2019 was a year of growth and transition for Pasadena Federal Credit Union.

During this past calendar year, the Credit Union grew by 7.4% to over \$178 million in assets, which was our fastest growth rate in over a decade. Additionally, the total membership grew to over 12,000 members, a growth rate of nearly 6% for the second straight year, as members continue to spread the word about our service levels and the value that we strive to provide every day.

In 2019, the Credit Union was honored in a variety of ways for the value and the service we bring to our members. Datatrac, a third-party research firm, awarded Pasadena Federal Credit Union with its "Great Rate" Award for providing significant value via our credit cards, auto loans, share certificates, money market accounts, and more.

Perhaps more importantly, the Credit Union was twice voted as the "Favorite Credit Union" in the San Gabriel Valley, first by readers of the San Gabriel Valley News Group and then by readers of Beacon Media News; later in 2019, we were voted as the "Best Credit Union in Pasadena" by readers of Pasadena Weekly. Word is getting out about the benefits of Pasadena FCU membership.

We are grateful for this recognition, but it is even more important to us that we can make a

difference for our members and for the local community. Pasadena FCU's employees served dinners at Union Station Homeless Services, assisted the Pasadena Police with the United in Peace Rally, collected toys for the Pasadena Fire Department's "Spark of Love" Toy Drive, and raised funds for the Pasadena Humane Society. I am grateful to our hard-working staff for their service to our members as well as to the community at large.

Additionally, our new website includes a Resources link called the Financial Education Center, which provides self-guided virtual courses, helping members to learn about various financial topics and take greater control of their money.

2020 looks to be another year of transition, as Pasadena Federal Credit Union continues to look for ways to provide greater convenience and service to our membership. We deeply appreciate our members who have chosen us to be their trusted financial partner. We wish everyone a healthy, prosperous 2020, and we thank you for your membership.

Gary Skraba
President/CEO

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 2019. 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.

Doug Duong
Chair, Supervisory Committee

STATEMENT OF FINANCIAL CONDITION

Assets	December 31, 2019	December 31, 2018	% Change
Cash & cash equivalents	\$ 29,523,615	\$ 1,621,622	1720.62%
Investments:			
Securities held-to-maturity	27,675,926	42,106,761	-34.27%
Other	12,162,000	25,448,000	-52.21%
Loans, net	99,687,459	87,651,040	13.73%
Accrued interest receivable	384,199	453,647	-15.31%
Premises and Equipment, net	2,362,789	2,403,018	-1.67%
Share insurance capitalization deposits	1,397,880	1,401,834	-0.28%
Other assets	4,946,627	4,772,249	3.65%
Total Assets	\$ 178,140,496	\$ 165,858,171	7.41%
Liabilities and Members' Equity			
Liabilities			
Members' shares	\$ 159,979,386	\$ 145,853,473	9.69%
Accrued expenses & other liabilities	1,104,751	3,104,418	-64.41%
Total Liabilities	\$ 161,084,137	\$ 148,957,891	8.14%
Members' Equity			
Regular Reserve	\$ 2,375,584	\$ 2,375,584	0.00%
Undivided Earnings	14,680,776	14,524,696	1.07%
Total Members' Equity	\$ 17,056,360	\$ 16,900,280	0.92%
Total Liabilities & Members' Equity	\$ 178,140,496	\$ 165,858,171	7.41%

INCOME STATEMENT

Interest Income	December 31, 2019	December 31, 2018	% Change
Loans	\$ 3,810,802	\$ 3,248,927	17.29%
Investments	1,321,018	1,524,607	-13.35%
Total Interest Income	\$ 5,131,820	\$ 4,773,534	7.51%
Interest on Borrowed Money	\$ 1,896	\$ 17,657	-89.26%
Dividends on Members' Shares	782,492	341,483	129.15%
Total Interest Expense	\$ 784,388	\$ 359,140	118.41%
Net Interest Income	\$ 4,347,431	\$ 4,414,394	-1.52%
Provision for Loan Losses	111,166	0	-%
Net Interest Income After Provisions for Loan Losses	\$ 4,236,265	\$ 4,414,394	-4.04%
Interchange Income, Fees & Charges	\$ 1,443,752	\$ 1,350,440	6.91%
Rental Income	180,504	175,260	2.99%
Other	126,309	194,833	-35.17%
Total Non-Interest Income	\$ 1,750,565	\$ 1,720,533	1.75%
Compensation & Benefits	\$ 3,067,062	\$ 2,730,904	12.31%
Office Operations	1,513,697	1,555,632	-2.70%
Office Occupancy & Other	1,247,533	1,079,759	15.54%
NCUSIF premium assessment	0	0	0.00%
Total Non-Interest Expenses	\$ 5,828,292	\$ 5,366,295	8.61%
Net Non-Interest Income	\$ (4,077,728)	\$ (3,645,762)	11.85%
Operating Income/Loss	\$ 158,538	\$ 768,632	-79.37%
Non-Operating Income/Expense	\$ (2,458)	\$ (8,113)	-69.70%
Net Income/Loss	\$ 156,080	\$ 760,519	-79.48%

