

Report from the Lending Manager

The Credit Committee met weekly this past year and acted on over 450 applications. We made a conscientious effort to approve all loan applications, taking into careful consideration the member's credit history, security values, and purpose for the loan. All loans must be for a provident and productive purpose.

The members, whose money we are lending, are entitled to full protection of their investment and assurance that the loans will be repaid, guaranteeing a sound credit union operation.

To help us work effectively and efficiently, we have loan officers who answer to the Credit Committee. We strive to process loans on a timely basis and to meet the needs of all members.

Elizabeth Pairis
Lending Manager

Report of the Supervisory Committee

Paradise Valley Federal Credit Union's Supervisory Committee is responsible for ensuring that the Credit Union's Board of Directors and management establishes practice and procedures to properly safeguard members' assets.

During 2017, the Committee supervised an audit by an outside firm, Collaborative Learning and Assurance Services Solutions, Inc., and worked directly with the National Credit Union Administration. On the basis of these audits, other records, and our observation of the operations of the Credit Union, we believe the related statement of income and expenses and the balance statement present fairly the financial conditions as of December 31, 2017. The audits and records reflect a strong, well run financial organization.

Our thanks to the members, the Credit Union staff, the Board of Directors and all other volunteers for their participation in making our credit union a successful financial institution.

Justina Reed, Chairperson
Supervisory Committee

Report of the Board of Directors

While the past year has continued to provide challenges for many, we are pleased to announce your credit union remained a safe, secure, and strong financial institution. Our mission has remained unchanged as we strive to excel in meeting the financial needs of our members.

The Board of Directors is pleased to report that in 2017, Paradise Valley Federal Credit Union's Capital Ratio was a strong 12.65%. Assets decreased 7.18% to a total of \$78.5 million.

The Credit Union is pleased to have participated in several community activities, donating over **\$15,000** in 2017. Some of the recipients included:

- **San Diego Academy**
- **San Diego County SDA Churches**
- **South Bay Area Schools**
- **Boys and Girls Clubs of National City**
- **Credit Union Support Activities**
- **National City Christmas in July**
- **National City Chamber Events**
- **Various local charities and community events**

As we look forward to 2018, we envision another year of new opportunities with additional products and services that increase the convenience being offered to our growing membership. We remain committed to you, our members.

Thank you for your continued support of Paradise Valley Federal Credit Union.

Robert M. Shetler, Chairman
Board of Directors

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Your Savings At The
Credit Union Are Federally
Insured To At Least
\$250,000

61st Annual Report 2017



**Given at the Annual Meeting
March 20, 2018**

Paradise Valley
Federal Credit Union

Board of Directors

Robert M. Shetler, *Chairman*
 John Mendivil, *Vice-Chairman*
 Steve Worley, *Secretary*
 Les Palinka, *Treasurer*
 Phillip Fredricksen, *Director*

Supervisory Committee

Justina Reed, *Chairperson*
 Nithi Narasappa
 John Mendivil
 Nicole Long

Office Personnel

Gerald Schaffner, *CEO*
 Kevin Carlson, *CFO*
 Gary Friestad, *CCO*
 Elsie Nash, *HR/Administration*
 Marcella Hollie, *Operations Manager*
 Elizabeth Pairis, *Lending Manager*

Emily Botrous
 Pat Fuson
 Doreen Hurtado
 John Mendiola
 Gabe Pitrone
 Glenda Potter
 Francine Richards
 Eric Samatua
 Danny Slone
 Leo Velasco

**“Working for
 Members, not for
 Profit.”**

Financial Statement

Assets	2016	2017
Loans to Members	\$ 38,634,970	\$ 31,393,574
Less Allowance for Loan Loss	(772,584)	(838,389)
Cash	490,067	475,084
Investments	44,611,364	46,374,399
NCUIF	706,046	707,120
Furn & Equip	89,490	163,731
Accrued Loan Interest	133,531	107,437
Accrued Investment Income	40,805	57,510
Other Assets	613,007	38,946
Total Assets	\$ 84,546,696	\$ 78,479,412

Liabilities & Equity

Total Liabilities	\$ 307,326	\$ 122,565
Equity		
Shares	74,938,835	69,486,132
Regular Reserve	4,501,256	4,501,256
Other Reserves	0	0
OCI	(701,485)	(639,071)
Undivided	5,500,764	5,008,467
Earnings		
Total Equity	\$ 84,239,370	\$ 78,356,847
Total Liabilities & Equity	\$ 84,546,696	\$ 78,479,412

Statistical Information

	2016	2017
Members	5,014	4,608
Accounts	7,428	6,936
Loans Made Year	618 \$ 7,018,037	398 \$ 6,656,476
Loans Made Since Organization	41,608 \$378,399,910	42,668 \$385,051,508
Loans Charged Off Since Organization	\$ 5,769,041	\$ 7,495,763
Recoveries	\$ 393,845	\$ 466,170

Income Statement

Revenue	2016	2017
Interest on Loans	\$ 2,354,580	\$ 1,833,142
Investment Income	397,697	536,310
Other Income	231,558	252,668
Total Income	\$ 2,983,835	\$ 2,622,120
Expenses		
Wages	\$ 679,373	\$ 645,118
Employee Taxes & Benefits	200,410	347,718
Travel & Conferences	13,019	5,625
League Dues	19,214	20,224
Office Occupancy	118,062	122,370
Office Operations	415,910	448,958
Promotions	50,215	53,949
Loan Servicing	59,217	32,653
Audit Fees	18,600	48,700
Data Processing and Outside Svcs	283,400	608,933
Provision for Loan Losses	1,629,141	(34,765)
Members Insurance	0	0
Federal Supervision Fee	14,364	20,631
Share Insurance	0	0
All Other Expenses	212,170	21,990
Total Expenses	\$ 3,713,122	\$ 2,342,104
Net Income Before Dividends	\$ (729,287)	\$ 280,016
Dividends	430,448	326,037
Non Op Inc/Exp	(174,396)	(15,187)
Non Op Gain/Loss	0	0
Net Income	\$ (1,334,131)	\$ (61,208)

Three Year Summary

	2015	2016	2017
Total Assets	\$ 86,235,312	\$ 84,546,696	\$ 78,479,412
Annual Growth	3.62%	(1.95%)	(7.18%)
Shares	\$ 75,273,428	\$ 74,938,835	\$ 69,486,132
Annual Growth	3.76%	(0.44%)	(7.28%)
Loans	\$ 45,612,214	\$ 38,634,970	\$ 31,393,574
Annual Growth	1.18%	(15.29%)	(18.74%)
Ratio to Shares	60.6%	51.6%	45.2%
Gross Revenue	\$ 3,220,467	\$ 2,983,835	\$ 2,622,120
Expenses Before Dividends	\$ 2,085,934	\$ 3,713,122	\$ 2,342,104
Income Before Dividends	\$ 1,134,533	\$ (729,287)	\$ 280,016
Dividends	\$ 448,214	\$ 430,448	\$ 326,037
Membership	5,032	5,014	4,608
Accounts	7,496	7,428	6,936

Report of the Treasurer

The statements published in this report present the financial condition of Paradise Valley Federal Credit Union on December 31, 2017. The statements presented are prepared from financial records maintained in the Credit Union office. The records have been audited by Collaborative Learning & Assurance Services Solutions, Inc. and examined by the National Credit Union Administration.

Total assets decreased 7.18%, shares decreased 7.28%, and loans decreased 18.74%. Dividends paid during 2017 were \$326,037 representing 12.4% of gross revenue.

In addition to excellent loan rates, PVFCU offers competitive rates on savings, certificates, IRAs and checking accounts.

Les Palinka, Treasurer
Board of Directors