

CEO's Report

This year was a turnaround year for the credit union! Growth was achieved in major areas, to include shares, loans, and membership. We are pleased to share that we continued to help members with their borrowing needs this year. We closed 2019 with an impressive loan growth of 20.55% over our 2018 numbers. As always, we strive to make a conscientious effort to invest our members' deposit wisely to be able to provide competitive rates, both in savings and loan products. Automation has also been a major initiative this year to be more accessible to our members, as well as reach out to new members. We closed with 4,497 members in 2019, which was a positive trend compared to our 2017-2018 numbers. I would be remiss if I did not commend our board for providing the necessary governance to ensure that our credit union is functioning in full compliance of our regulatory requirements. And of course, kudos to our credit union employees for their commitment and dedication in meeting our strategic goals, which ultimately benefits the members we serve.

Gerald "Bud" Schaffner, CEO

Supervisory Committee Report

Paradise Valley Federal Credit Union's Supervisory Committee, currently comprised of four members, is responsible for ensuring that the Credit Union's Board of Directors and Management establish practices and procedures to properly safeguard member's assets.

After the close of 2019, the Committee supervised an agreed upon procedures audit by an outside CPA firm, Richards & Associates. National Credit Union Administration also conducted their regulatory audit. On the basis of these audits, numerous internal audits throughout the year, and our observations of the operation of the Credit Union, we believe this statement of income and expenses and the balance statement fairly present the Credit Union's financial conditions as of December 31, 2019. These audits and accompanying records reflect a strong, well-run financial organization.

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

Mike Shetler, Chairperson, Supervisory Committee

Chairman's Report

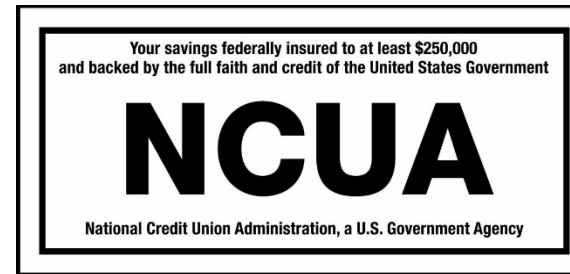
Amid the COVID-19 pandemic, we continued steadfastly with our *mission to bring financial choice and freedom to the communities we serve.*

We stepped up our efforts to make online services more user friendly. This strategy has helped us meet the new challenges brought upon us by the government's "stay at home mandate" starting in the first quarter of 2020. Members can access their services through various channels and platforms. Now more than ever, we will continue to focus on more automation to deliver the financial services that our members need. However, we continue to be sensitive to members who favor the "high touch" and still enjoy the personal visit with their favorite credit union employee at our branch. To that end, plans are underway for a second location in Santee. Stay tuned for more details.

The Board of Directors is pleased to report that in 2019, Paradise Valley Federal Credit Union's Capital Ratio continues to be strong at 11.6%. You will see positive financial trends outlined in our Treasurer's Report.

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

John Mendivil, Chairperson, Board of Directors



Paradise Valley Federal Credit Union

Main Branch

2700 East Fourth Street
National City, CA 91950

(619) 475-4313
(800) 253-6991
Fax: (619) 475-0998

Santee Branch (Opening Soon)

800 Lantern Crest Way Ste A
Santee, CA 92071

(858) 248-8128
(877) 807-5247
Fax: (619) 567-3272

ACCESS24: (619) 475-2009
Toll Free: (866) 760-3777

paradisevalleyfcu.org

E-mail: paradise@paradisevalleyfcu.com



63rd Annual Report 2019



**Given at the Annual Meeting
August 18, 2020**

**Paradise Valley
Federal Credit Union**

Board of Directors

John Mendivil, *Chairperson*
 Drew Tricoli, *Vice-Chairperson*
 Steve Worley, *Secretary*
 Philip Fredricksen, *Treasurer*
 Gemma Rama-Banaag, *Director*

Supervisory Committee

Mike Shetler, *Chairperson*
 John Mendivil
 Rebecca Pineda
 Peggy Quinn

Office Personnel

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

Pat Fuson
 Doreen Hurtado
 Christy Lo
 Gabe Pitrone
 Glenda Potter
 Francine Richards
 Joyce Riddell
 Yureida Sanchez
 Danny Slone
 Leo Velasco
 Grace Verges

*“Bringing financial
 choice and freedom to
 the communities we
 serve.”*

Financial Statement

Assets	2018	2019
Loans to Members	\$ 31,824,408	\$ 38,365,116
Less Allowance for Loan Loss	(616,958)	(386,522)
Cash	339,969	733,622
Investments	44,486,448	37,664,962
NCUIF	629,483	632,439
Furn & Equip	107,140	212,607
Accrued Loan Interest	99,407	107,180
Accrued Investment Income	109,168	98,797
Other Assets	331,746	309,614
Total Assets	\$ 77,310,810	\$ 77,737,815

Liabilities & Equity

Liabilities	\$ 449,763	\$ 250,671
Equity		
Shares	\$ 67,994,455	\$ 68,496,991
Regular Reserve	\$ 4,501,256	\$ 4,501,256
OCI	\$ (690,848)	\$ -
Undivided Earnings	\$ 5,056,185	\$ 4,488,897
Total Shares & Equity	\$ 76,861,047	\$ 77,487,144
Total Liabilities & Equity	\$ 77,310,810	\$ 77,737,815

Statistical Information

	2018	2019
Members	4,423	4,497
Accounts	6,748	6,874
Loans Made This Year	292 \$ 10,427,016	342 \$ 14,432,747
Loans Made Since Organization	42,942 \$394,728,269	43,284 \$411,984,508
Loans Charged Off Since Organization	\$ 7,701,449	\$ 7,894,360
Recoveries	\$ 507,607	\$ 570,438

Income Statement

Revenue	2018	2019
Interest on Loans	\$ 1,483,993	\$ 1,673,053
Investment Income	790,759	833,919
Other Income	313,886	301,039
Total Income	\$ 2,588,639	\$ 2,808,011

Expenses

Wages	\$ 875,060	\$ 1,026,789
Employee Taxes & Benefits	277,947	247,881
Travel & Conferences	37,311	15,476
League Dues	20,436	19,748
Office Occupancy	118,451	128,258
Office Operations	447,820	394,681
Promotions	71,493	145,802
Loan Servicing	66,146	62,338
Audit Fees	49,346	7,500
Data Processing and Outside Svcs	289,950	311,935
Provision for Loan Losses	(57,134)	(100,079)
Members Insurance	0	0
Federal Supervision Fee	20,728	20,828
Share Insurance	0	0
All Other Expenses	33,465	35,563
Total Expenses	\$ 2,251,020	\$ 2,316,720

Net Income Before Dividends	\$ 337,619	\$ 491,291
Dividends	289,911	412,916
Non Op Inc/Exp	0	(645,234)
Non Op Gain/Loss	0	0
Net Income	\$ 47,708	\$ (566,859)

Three Year Summary

	2017	2018	2019
Total Assets	\$ 78,479,412	\$ 77,310,810	\$ 77,737,815
Annual Growth	(7.18%)	(1.49%)	0.55%
Shares	\$ 69,486,132	\$ 67,994,455	\$ 68,496,991
Annual Growth	(7.28%)	(2.15%)	0.74%
Loans	\$ 31,393,574	\$ 31,824,408	\$ 38,365,116
Annual Growth	(18.74%)	1.37%	20.55%
Ratio to Shares	45.2%	46.8%	56%
Gross Revenue	\$ 2,622,120	\$ 2,588,639	\$ 2,808,011
Expenses Before Dividends	\$ 2,342,104	\$ 2,251,020	\$ 2,316,720
Income Before Dividends	\$ 280,016	\$ 337,619	\$ 491,291
Dividends	\$ 326,037	\$ 289,911	\$ 412,916
Membership	4,608	4,423	4,497
Accounts	6,936	6,748	6,874

*“Working for members.
 Not for profit.”*

Treasurer's Report

The statements published in this report present the financial condition of Paradise Valley Federal Credit Union on December 31, 2019. The statements presented are prepared from financial records maintained in the Credit Union office. The records have been examined by Richards and Associates, CPAs.

Total assets increased 0.55%, shares increased 0.74%, and loans increased 20.55%. Dividends paid during 2019 were \$412,916 representing 14.7% of gross revenue. It was noted that Net Income showed a negative balance due to the termination of the credit union's defined benefit plan and Provision for Loan Loss adjustment. Without these two items, net income would have ended at approximately \$78,000.

PVFCU offers competitive rates on loans, savings, checking accounts, certificates, and IRAs.

Philip Fredricksen, Treasurer, Board of Directors