THE FUTURE IS NOW

Thanks to technology in 2014, Parsons Federal Credit Union added new services that better meet our members’ needs and protect their personal data. We also used technology to better communicate with members, and we’re planning for even more great services in 2015.

PFCU ATMs in Pasadena were upgraded with new EMV chip card readers to accommodate the latest technology. Our ATM in Houston was upgraded in 2015.

And speaking of the EMV (Europay, MasterCard, Visa) chip card, PFCU worked hard in 2014 to design new VISA credit cards to accommodate the chip and maintain the required security features and are now available for our members!

The PFCU Team worked on the requirements to offer Apple Pay to our members in 2014 and should go live for their shopping pleasure in 2nd quarter 2015. We’ll update members with more information about that latest technology to add to our long list of services.

Lifestyle loans were marketed to give our members a chance to pay for those extra expenses that life can send you, such as for weddings or your child’s orthodontist.

We helped members refinance their mortgages to match their retirement dates, so they are mortgage free when the big day comes. Parsons Corporation graciously allowed us to send email blasts to U.S. employees to spread the good word about their credit union.

PFCU was also proud to participate in the Miracle Network Jeans Day promotion for the first time that raised funds for various Children’s Hospitals. Parsons employees across the U.S. participated, as well as employees in Canada, as word spread through the company.

Finally, the Board of Directors accepted the resignation of our president, Jan Cowell, as she moves on into the next stage of her life: retirement. Jan has guided the credit union for almost 22 years. During that time, she and her staff have implemented numerous new services for our members and guided us through challenging economic times. She leaves a strong legacy and we wish her all the best in her retirement.

We are proud to announce that after a national search, her replacement has been chosen: Ray Crouse, who we feel is the best person to carry our credit union forward with new services and growth.

As you may know the credit union is about to celebrate its 40th anniversary. We look forward to this milestone!

Bruce Hennig
Chair
PFCU finished the year with a strong net worth of 11.14%, which was an increase over 2013’s 10.459%. This was accomplished despite another year of extended low rates that affected our investment choices, and in turn, our income stream. Loan income was also down. However, members did take advantage of low rates to refinance or purchase homes, and we had a good year in real estate loans lending. The good news is that continued controlled expenses allowed the year to end above budget with a healthy $1,295,742 of net income.

An assessment of our loan portfolio determined that it would be in the best interest of the credit union’s interest rate risk to balance the large real estate loan portion of our loan portfolio, which has longer terms and low rates, with more short term loans. As a result, PFCU researched purchasing auto loans from another credit union to increase our low-risk, short term loans. So far in 2015, PFCU has purchased more than $3 million in short term, high quality auto loans which will add income and stability to the credit union.

We’ll take another step to help credit challenged members while balancing risk next month as the loan department initiates risk-based pricing on consumer loans. This will allow more members to receive loans at a fair rate and to compensate the credit union for taking on added risk. As the market place remains in flux, the Supervisory Committee ensures that PFCU activities are safe, sound and in compliance with laws and regulations. PFCU employees are well prepared to protect member accounts and have been trained on the latest compliance requirements. Independent CPA firms conducted regulatory compliance, financial statement and certification of member account audits throughout the year. In addition, the NCUA performed an annual exam.

Sharon Miller
Chair, Loan Review Committee

Teresa Laws
Chair, Supervisory Committee

TREASURER’S REPORT

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Chair, Loan Review Committee

Teresa Laws
Chair, Supervisory Committee

SUPERVISORY COMMITTEE REPORT

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Teresa Laws
Chair, Supervisory Committee

INCOME STATEMENT

As of December 31
As of December 31

2014 2013

Income
$5,346,543 $5,920,827

Interest on Loans $2,154,798 $2,205,773
Income from Investments 2,562,624 3,063,916
Other Income 629,121 651,138

Total Income $5,346,543 $5,920,827

Expenses
Employee Compensation and Benefits $1,571,751 $1,631,879
Professional and Outside Services 142,182 81,315
Provision for Loan Losses 29,730 (476,061)
Office Operations 815,072 792,810
Other Expenses 598,962 561,930

Total Expenses $3,757,597 $2,911,853

Income before Dividends $2,188,946 $3,908,974
Dividends $893,205 $1,069,476
Gain/Loss on Investments 0 20,552
Net Income $1,295,741 $2,230,050

NCUSIF Stabilization Expense 0 $140,074
Net Income $1,295,741 $2,089,976

STATEMENT OF FINANCIAL CONDITION

As of December 31
As of December 31

2014 2013

Assets
Loans $50,724,469 $47,382,327
Allowance for Loan Losses (180,910) (213,747)
Cash 16,829,626 11,653,916
Investments 146,059,253 162,070,818
Prepaid & Deferred Expenses 83,800 79,014
Net Fixed Assets 221,504 286,988
Accrued Income 643,429 1,084,436
Other assets 7,605,215 7,509,962
Accounts Receivable 44,889 55,531
Total Assets $222,031,375 $229,909,245

Liabilities
Accounts Payable 214,531 1,221,535
All Other Liabilities 202,844 87,770
Member Share Accounts 194,777,942 204,956,341
Total Liabilities $195,282,385 $206,304,163

Equity
Reserves $38,517 $87,770
Accrued Expenses 87,770 38,517
All Other Liabilities 87,770 38,517
Member Share Accounts 194,777,942 204,956,341
Total Equity 26,748,991 23,605,082

Total Liabilities & Equity $222,031,375 $229,909,245

2014 was a good year for the PFCU loan portfolio. Loan balances rose to $50,724,469, an increase of $3,342,142 over 2013. Most of the growth was in real estate loans, both first trust deed loans and the popular HELOC in California. We are pleased to report that frequent audits of randomly chosen loan files showed a consistent high level of underwriting and documentation. Reviews also revealed fair and thoughtful decisions that reflect PFCU’s high standards.

PFCU planned to implement Risk Based Pricing this year, which will allow us to help members with less than perfect credit obtain loans at a reasonable and fair rate. PFCU will continue in the credit union tradition of 'people helping people'.

Sharon Miller
Chair, Loan Review Committee