

ANNUAL REPORT 2020



PARD A
FEDERAL CREDIT UNION
ANYTIME ANYWHERE

MEETING UNCERTAINTY
WITH VIRTUAL
STRENGTH AND STABILITY



LETTER FROM OUR PRESIDENT AND CEO

KIMBERLY JONES

The events of 2020 took most of us by surprise, to put it mildly. Like other organizations across the country, our carefully developed strategic plans were upended in March when major sectors of the economy closed down in response to the global Covid-19 pandemic. Throughout the year, the understandably patchy evolution of reliable information—on top of heartbreaking civil unrest and deadly natural disasters—tested everyone's composure at times.

A credit union's culture is evident in times of change and crisis, however, and PARDA's team met each new challenge with determination and resilience. Our traditional measures of success became less important, and we redirected our efforts to preserving our long-term vision in the face of short-term uncertainty. Most importantly:

- **WE HELPED OUR MEMBERS WHEN AND WHERE THEY NEEDED IT.** We created relief programs, waived fees, deferred payments, and relaxed guidelines. We worked individually with many to help them weather their financial storms.
- **WE PROTECTED OUR EMPLOYEES.** We implemented physical distancing protocols, provided flexible work schedules, paid for sick time off, and communicated early and often about what was happening, even if just to say that we were working on figuring things out. Employees expressed appreciation as these measures helped them stay focused and productive while caring for their families.
- **WE CREATED A REMOTE WORKPLACE.** We went from having no one working remotely to nearly our entire support team working remotely in a matter of days—with safe, secure technology solutions.
- **WE BECAME AGILE AND REACTED QUICKLY TO THE ENVIRONMENT.** We reallocated resources to provide assistance where it was most needed. We launched contactless payments and enhanced our digital services. We handled the shift from consumer to mortgage lending, helping our members take advantage of low interest rates.
- **WE REFOCUSED TO MOVE OUR STRATEGY FORWARD.** We prioritize our initiatives, placing focus on those with the most impact. We postponed or abandoned some, while speeding others up to achieve the best experience for our membership. As a result, our strategy progressed, with our members remaining our primary focus.

Unexpectedly, the upheaval of 2020 offered benefits, too. It validated the pillars of PARDA's existence – to deliver value to members, develop our team, and support our communities. These values provided focus in a rapidly changing environment.

I am always grateful to our membership, our leadership team, our dedicated staff and the Board of Directors. This year, it's hard to find words to express my appreciation for the compassion, energy and innovation I witnessed on a daily basis in truly extraordinary circumstances. We are fortunate to work with and for so many smart, passionate people. As vaccinations roll out, the economy reopens and things move forward, I am more hopeful than ever about the bright future our institution offers to our members and communities.

Despite the unpredictable nature of the past year, we can all take pride in completion of the following:

- ✓ Upgraded network to increase speed and redundancy
- ✓ Completed a major conversion of our online/mobile banking platform for improved member experience
- ✓ Enhanced online bill pay | iPay
- ✓ Converted mobile deposit to Remote Deposit Anywhere
- ✓ Launched mobile wallets for debit cards
- ✓ Updated our eStatement platform
- ✓ Redesigned our member statements
- ✓ Introduced Credit Union wide use of DocuSign
- ✓ Implemented eNotices | eTax documents
- ✓ Launched Banzai, a financial education/literacy partnership
- ✓ Sponsored local middle/high school online financial education tools (160 student users)
- ✓ Launched PARDA Scholarship eApplication process
- ✓ Introduced enhanced loan protection products
- ✓ Implemented Advanced Reporting for Credit Unions (ARCU)
- ✓ Conducted Credit Union wide retention interviews
- ✓ Installed new ATMs at Holland locations

BALANCE SHEET

	2020	2019
ASSETS		
Loans (Net of Allowance)	\$108,381,677	\$105,914,467
Cash and Cash Equivalents	37,371,021	9,646,454
Equity Securities	-	5,375,721
Securities Available-for-Sale	36,243,661	31,529,645
Other Investments	22,002,200	19,893,200
Accrued Interest Receivable	505,007	465,307
Property and Equipment	1,886,402	2,032,695
National Credit Union Share Insurance Fund	1,661,237	1,494,428
Other Assets	1,967,409	1,522,675
TOTAL ASSETS	\$210,018,614	\$177,874,592
LIABILITIES AND MEMBERS' EQUITY		
Members' Share Deposits	\$181,895,072	\$151,003,953
Accrued Expenses and Other Liabilities	598,489	633,331
Borrowed Funds	-	-
TOTAL LIABILITIES AND DEPOSITS	182,493,561	151,637,284
Retained Earnings, Substantially Restricted	26,471,368	26,019,498
Unrealized Gain (Loss) on Securities Available-for-Sale	1,053,685	217,810
TOTAL MEMBERS' EQUITY	27,525,053	26,237,308
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$210,018,614	\$177,874,592

STATEMENT OF INCOME

	2020	2019
INTEREST INCOME		
Interest on Loans	\$5,079,337	\$5,153,683
Interest on Investments and Cash Equivalents	1,173,667	1,679,918
	6,253,004	6,833,601
INTEREST EXPENSE		
Dividends Expense	291,819	271,369
Interest on Borrowed Funds	-	-
	291,819	271,369
NET INTEREST INCOME	5,961,185	6,562,232
Provision for Loan Losses	106,515	428,914
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	5,854,670	6,133,318
NON-INTEREST INCOME		
Service Charges and Other Fees	1,359,029	1,749,530
Other Non-Interest Income	1,276,982	1,332,089
Gain on Sale of Securities	123,985	(7,709)
	2,759,996	3,073,910
NON-INTEREST EXPENSE		
Salaries and Benefits	4,199,388	4,087,758
Operations	3,499,165	3,765,211
Occupancy	464,243	476,324
	8,162,796	8,329,293
NET INCOME	\$451,870	\$877,935

BOARD OF DIRECTORS

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Treasurer

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Secretary

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Director

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Director

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President & CEO

Anthony Steffens
Chief Information Officer

Robert Stier
Vice President of Finance

Jill Reinert
Executive Director of Human Resources

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#GIVINGTUESDAY 2020

In 2019, we participated in the global generosity movement on Giving Tuesday and donated a total of \$1,500 on behalf of our members. In 2020, we donated a total of \$2,000 on behalf of 8 of our members.

What is GivingTuesday?

GivingTuesday is a global generosity movement that unleashes the power of people and organizations to transform their communities and the world. GivingTuesday was created in 2012 as a simple idea: a day that encourages people to do good.

How big is GivingTuesday?

- With activity happening on every country on earth, GivingTuesday is the biggest generosity movement of all time.
- There are over 200 local GivingTuesday movements happening in the United States and 60 country campaigns.
- In just seven years, the GivingTuesday movement has raised more than \$1 billion online in the U.S. alone.

Where we donated in 2020

On behalf of our members, PARDA donated \$250.00 to each of the following organizations for GivingTuesday 2020:

Morris County Organization for Hispanic Affairs
Low Country Food Bank
Conquering CHD Michigan
Play-Place Autism - Special Needs Center
Winning at Home
Wings of Hope Hospice
Marines Toys for Tots
World Central Kitchen

Members shared why these organizations are important to them:

(lightly edited for space)

Damarys G. | Morris Cty Organization for Hispanic Affairs – Dover, NJ
"This organization helps Hispanics and low-income families. It helped my mother when I was a child with basic needs and helped us as a family to get on our feet."

Regina B. | Low Country Food Bank – Charleston, SC
"It feeds our families and since the virus, so many need our help."

Celia Y. | Conquering CHD Michigan – Madison, WI
"My grandson Adler has shown me how to be brave and shows great strength, as young as he is. He is definitely my little Heart Warrior!"

Michelle D. | Play-Place Autism - Special Needs Ctr – Sterling Heights, MI
"We feel very welcomed — no judgments. All ages, all diagnoses, all cognitive levels make lifetime friends who become part of your family."

Melissa G. | Winning at Home – Zeeland, MI
"This non-profit organization has been a blessing to our family through the Christian counseling our daughter received. With Winning at Home she felt an immediate connection with her counselor, and that special counselor/patient relationship continues today."

Robert L. | Wings of Hope Hospice – Allegen, MI
"They are wonderful and caring people who help your loved one in the last days of life pass on with comfort and dignity. They accept only charity; families never receive a bill. They are angels in a family's time of need."

Larry M. | Marines Toys for Tots – Triangle, VA
"I'm a Marine. My heart goes out to the children. I want every child to have a toy to open on Christmas."

Cerenity J. | World Central Kitchen – Washington, DC
"They have provided food and water during the entire COVID-19 pandemic to those who are in need."

HIGHLIGHTS

	2020	2019	% CHANGE
Total Loans	\$109,565,249	\$107,359,815	2.05% ↑
Real Estate Loans	\$51,336,434	\$35,556,100	44.38% ↑
Total Deposits	\$181,895,072	\$151,003,953	20.46% ↑
Total Gross Income	\$8,889,015	\$9,915,220	-10.35% ↓
Net Worth	\$26,471,368	\$26,019,498	1.74% ↑
Net Worth Ratio	12.60%	14.63%	-13.86% ↓
Delinquency Ratio	1.09%	0.71%	53.36% ↑
Total Members	15,529	15,879	-2.20% ↓
Checking Accounts	10,718	10,830	-1.03% ↓