

ANNUAL REPORT

2023




Pimafederal[®]
CREDIT UNION

"We just wanted to help people."

– Dick Evans

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The Board of Directors



Linda Kennedy
BOARD CHAIR



Jason Larter
BOARD VICE CHAIR



Tim Dunne
BOARD TREASURER



Linda Dhaemers
BOARD SECRETARY



David Bosman
BOARD MEMBER



James Kisner
BOARD MEMBER



James Knoff
BOARD MEMBER

Management

President/Chief Executive Officer
Eric Renaud

Chief Experience Officer Celyna Cervantes

Chief Credit Officer Adam Coggshall

Chief Operating Officer Bruce Barnett

The Committees

Supervisory Committee

Paige Shockley, *Chair* Rudy Ingersoll
David Finerson Victor Thornton
Matthew Goldie Michael Klinicki, *ALTERNATE*

Finance Committee

Tim Dunne, *Chair* James Knoff
James Kisner Jason Larter

Awards

**2023 Diamond Award:
One-Time Event**
*The Great Auto
Loan Giveback*



Readers' Choice:
**Tucson's Favorite
Bank/Credit Union**

Healthy Arizona
Worksites
Gold Award



Cigna's 2023 Healthy
Workforce Designation
Silver



Copper Cactus Award:
Best Place to Work
Finalist

2023 Annual Meeting Minutes

Mr. Jim Kisner, Board Chair, opened the official business meeting at 6:04 p.m. and asked for a report if a quorum was met. Dave Bosman, Vice Chair announced that a quorum had been met to proceed with the annual meeting.

Mr. Kisner asked for a motion to approve the Annual Meeting Minutes from May 24, 2022, as printed. A motion was made, seconded, and the motion passed. He then asked if there was any Old Business, there was none.

Mr. Dave Bosman, Vice Chair and Chair of the Nominating Committee announced that Ms. Linda Kennedy, and Mr. James Knoff were re-elected by acclamation to a three-year term.

A recap of the Treasurer's and Asset & Liability Committee Reports was provided by Mr. James Knoff, Board Treasurer and Asset & Liability Committee Chair. The full report was provided on page 8 of the Annual Report.

A recap of the Supervisory Committee Report was provided by Mr. Victor Thornton, Supervisory Committee Chair. The full report was provided on page 9 of the Annual Report.

Mr. Jim Kisner asked if there was any New Business, there was none. He then announced he would be stepping down as Board Chair but will continue to serve as a member of the Board.

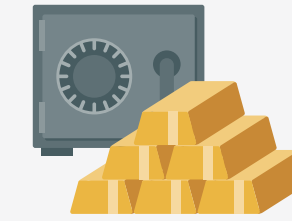
Mr. Eric Renaud, President/CEO, reported on the state of the credit union, the 2022 financials, and financial trends past and present.

Mr. Jim Kisner thanked the volunteers, staff, and membership for another great year. The official business meeting was adjourned at 6:41 p.m. ■

Credit Union Growth



New Members
6,722



Total Assets
\$1.2B



220
Mortgages
Funded
\$85,932,028



Gross Loans
\$828.1MM



Deposit Balances
\$969.6MM

451
HELOCs
Granted
\$31,240,500



Dividends Paid
\$10,678,972

2,796
Auto Loans
Funded
\$71,491,036

A message from Our Chairman & President/CEO

This is a pivotal year in our growth, expanding services to Navajo and Yuma counties. We are excited to provide access to a wide array of financial products in these communities through Pima's online and mobile applications, and the Digital Solutions Center, while branch locations in the communities will be opened in 2024.

Also, we purchased land in the Gladden Farms Marketplace in Marana and will begin construction of a new branch in 2024.

We continue to make a difference to membership and the community at large. Member value was enhanced with rising deposit rates, competitive loan rates, while also keeping fees, already the fewest and lowest among our peers. We are focused on enhancing our business deposits and loan offerings as well.

Our tenth annual Pima Federal Golf Classic was held on May 4, 2023. The tournament raised over \$80,000, shared between Impact of Southern Arizona and Youth on Their Own. Since inception, \$628,000 for our local charities has been raised through the tournament.

Separately, over \$203,000 was given to various charities through donations and sponsorships in 2023. Additionally, Pima Federal employees were given an opportunity to distribute \$12,000 to many different charities as a special year-end gift, further deepening our impact locally.

Pima Federal provides youth accounts and education scholarships. In 2023, we awarded a total of \$10,000 to five graduating seniors. The credit union's Youth Savings Account provides a financial reward for good grades and offers a high dividend rate on savings.

Pima Federal ended 2023 with solid Net Income of \$15.9 million, a Return on Total Assets of 1.41% on Assets of \$1.2 Billion. The Capital Ratio remained strong at 10.13%. Year-over-year total assets grew 16% demonstrating the faith and confidence the membership and community have in Pima Federal.

At year end, Pima Federal had 65,762 members, with 6,722 new members joining the cooperative throughout the year.

Pima Federal was recognized by our community as the Favorite Credit Union/Bank by Tucson.com/AZ Daily Star. The Credit Union National Association awarded the credit union with the Marketing and Business Development Diamond Award for the Pima Federal Golf Classic and the Great Auto Loan Giveback campaign. The credit union once again received a 5-star rating from Bauer Financial.

The Board and Management Team are committed to efficiently delivering the credit union's products and services in a fiscally responsible manner. Operating expenses continue to grow while margin pressures on the balance sheet increase. Members continue to have a choice in how they receive their services, whether it's voice response, phone, branch, or our online/mobile channel, which continues to grow in popularity for its ease of use and convenience.

The following are notable achievements that continue to provide member value:

- ▶ Maintain the lowest and fewest fees among peers
- ▶ Offer competitive loan and share/deposit rates
- ▶ Loans to members increased 20%
- ▶ Deposit growth of 9%
- ▶ Offer relevant consumer mobile and online banking features, while expanding branch access

The Board of Directors, Supervisory Committee, Management Team, and all employees strive to provide you, our members, with service excellence at each interaction. The credit union exists because of you, and we remain committed to your success. We know you have many choices as a consumer, and we are thankful that you chose to be a member of Pima Federal Credit Union. ■

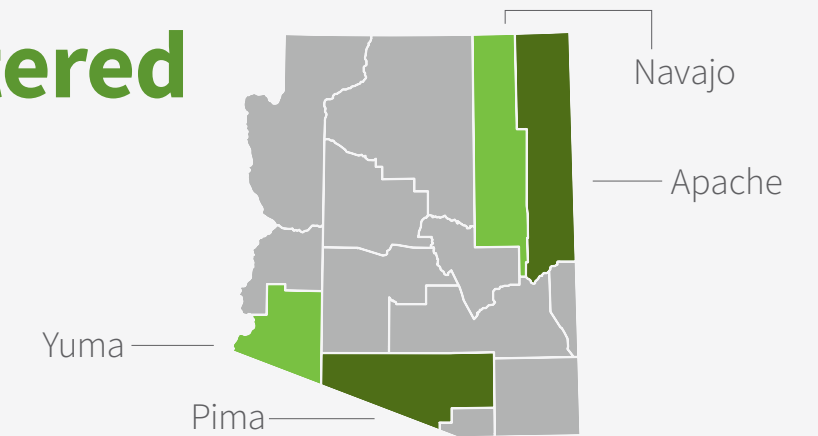
Eric H. Renaud, *President & CEO*

Linda Kennedy, *Board Chair*

New Markets Entered

Pima Federal is excited to have entered the Navajo and Yuma county markets digitally.

Branch locations coming soon!



Supervisory Committee Report

The Supervisory Committee is an independent committee consisting of five volunteer members, one alternate, and is appointed by the Board of Directors from among the members of Pima Federal Credit Union. This Committee is also known as the Audit Committee. It is charged with providing oversight and ensuring the adequacy of the financial reporting, accounting, compliance, risk, and other control systems and practices. The Committee reviews all audit reports and meets monthly to discuss audit results, and the status of management's action on all audit recommendations. The Committee also determines whether all Board-approved policies are being adhered to and if Pima Federal Credit Union is operating in a fiscally responsible manner. The Supervisory Committee selects the public accounting firms and other companies to perform various audits, and reports these activities and findings to the Board of Directors on a regular basis.

To fulfill its responsibilities, the Supervisory Committee:

- ▶ Engaged the services of the CPA firm Nearman, Maynard, Vallez to perform the annual Financial Audit and the Verification of Member accounts.
- ▶ Engaged the services of the CPA firm of Clifton Larson Allen LLP to perform quarterly internal audits and other oversight activities and regulatory compliance audits.

- ▶ Engaged the services of the CPA firm Mansperger Patterson McMullin PLC to perform regulatory compliance audits.
- ▶ Engaged CU Business Group to review commercial loans and operations.
- ▶ Engaged Trace Security and Forta to perform the Information Technology audits.
- ▶ Developed an annual internal audit plan, working with the Compliance Department, and obtaining input from the audit firms, the Board of Directors, and management. As the Credit Union grows to meet the needs of the membership through products and services, we adjust our audit plan accordingly.

Based on the results of the audit reports and the last examination report of the NCUA, it is the opinion of your Supervisory Committee that Pima Federal Credit Union continues to be financially strong and well managed, with sound policies and programs.

The Supervisory Committee wishes to thank the Board of Directors, Management, and employees for their dedication to protecting member assets and operating with integrity and sound business practices. We would also like to thank our member owners for their trust in Pima Federal Credit Union. ■

Paige Shockley, *Chair*

Community Impact



\$80,500

Pima Federal Golf Classic
NEW RECORD RAISED



\$203,891
in Sponsorships



1,120 Hours
Hours Volunteered



136

Local Organizations
Supported



\$10,000

in Education Awards to
5 High School Seniors

210 Students & Adults

Taught Financial Literacy
*(Topics included Fraud Prevention,
Building Credit, Budgeting, etc.)*





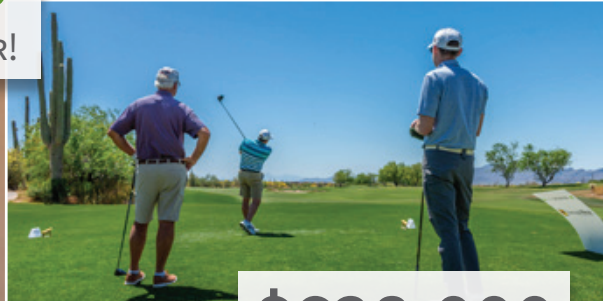
10TH ANNUAL Pima Federal Golf Classic



\$80,500
RAISED – RECORD YEAR!



2023 Champions



\$628,000
RAISED SINCE 2013



WINNER of
2024 Diamond Award
Ongoing Event



IMPACT
of Southern Arizona
IMPROVING LIVES · INSPIRING FUTURES
BENEFICIARY



YOUTH ON THEIR OWN
BENEFICIARY



Finance Committee Report

The Board Finance Committee is chaired by the Board Treasurer and includes board members selected by the Board Chair. One of the primary objectives of the Finance Committee is to oversee the management of the assets and liabilities of Pima Federal Credit Union in support of the strategic plan. This includes monitoring the financial performance, reviewing the investment portfolio, monitoring the Asset/Liability (ALM) profile, and review any changes to the Credit Union's financial strategies as proposed by management.

The financial strength of your member-owned financial cooperative continues to improve year after year. The following statistics comparing the year 2022 with 2023 illustrate this point:

1. Total assets increased by \$161.5 million to a total of \$1.2 billion. This is a 16% increase.
2. Total deposits increased by \$81.8 million to a total of \$969.6 million. This is a 9.22% increase.
3. Loan balances grew by \$138 million to a total of \$828 million. This is a 20% increase.
4. The loan to share ratio increased from 77.74% to 85.41%. This means that for every dollar on deposit, the credit union has loaned out 85.41 cents. The surplus funds are invested in low-risk investments.

5. Capital, a measure of our financial strength and as defined by our regulator, NCUA, grew by \$15.9 million and continues at a strong 10.13% of assets.
6. Net income was \$15.9 million, a return on asset ratio of 1.41%. This compares to a 2022 return on asset ratio of 1.16%, both very strong ratios.

Pima Federal Credit Union continues to be financially strong and will continue to offer competitive products and services to our membership. As we have experienced increasing interest rates the committee carefully considered different strategies that allowed the credit union to be responsive to interest rate movements, seeking to ultimately enhance member value. As always, the credit union continues to be a steadfast provider and resource for its members. ■

Tim Dunne, *Chair*

2023 Balance Sheet

	December 31, 2023	December 31, 2022
ASSETS		
Loans to Members	\$829,630,408	\$691,936,958
Less: Allowance for Loan Losses	2,289,810	4,204,618
Net Loans Outstanding	827,340,598	687,732,340
Cash and Investments	262,288,304	251,708,657
Land and Buildings & Furniture and Equipment	22,682,737	19,292,771
NCUSIF Deposit	8,566,042	8,459,417
All Other Assets	56,738,801	48,921,646
Total Assets	1,177,616,482	\$1,016,114,830
LIABILITIES		
Total Member Shares/Deposits	969,561,707	887,739,187
Notes Payable	93,000,000	41,000,000
Accounts Payable and Other Liabilities	16,185,341	10,234,867
Total Liabilities	\$1,078,747,049	\$938,974,054
CAPITAL		
Undivided Earnings and Regular Reserves	119,266,317	103,419,845
Other Comprehensive Income & Investment Market Valuation	(20,396,883)	(26,279,069)
Total Capital	\$98,869,433	\$77,140,776
Total Liabilities and Equity	\$1,177,616,482	\$1,016,114,830

2023 Income Statement

	December 31, 2023	December 31, 2022
Interest on Loans	\$35,931,542	\$24,960,730
Interest on Investments	5,836,431	3,353,013
Total Interest Income	41,767,973	28,313,743
Dividend Expense	10,678,972	2,677,907
Funds Purchased	2,668,866	250,061
Total Interest Expense	13,347,837	2,927,968
Net Interest Income	28,420,136	25,385,775
Provision for Loan Loss	1,424,959	2,717,165
Net Interest Income after Provision	26,995,177	22,668,610
Fee & Other Income	13,670,763	13,322,091
Operating Expense	24,792,320	24,823,309
Net Income	\$15,873,620	\$11,167,392

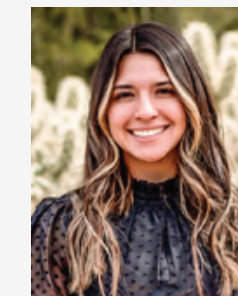
2023 Pima Federal Education Award Recipients



Tyler Garlej



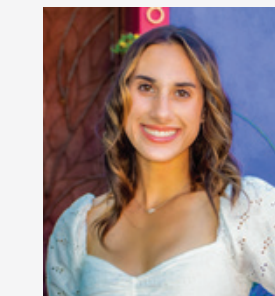
Alyssa Kroen



Kayla Logan



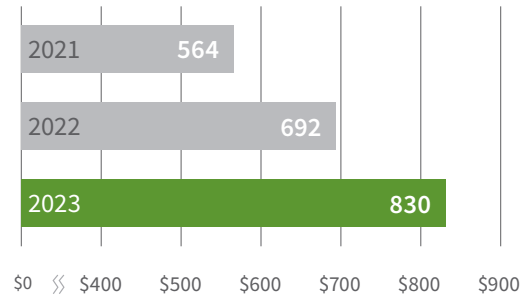
Melanie Osborne



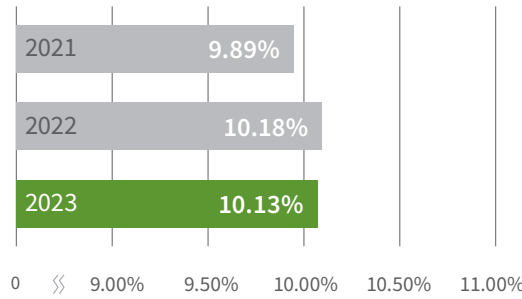
Izabella Rodriguez

3-Year Financial Trends

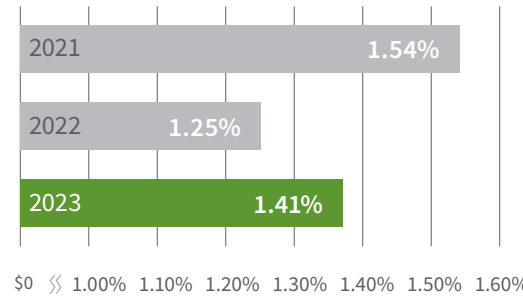
Total Loans in Millions



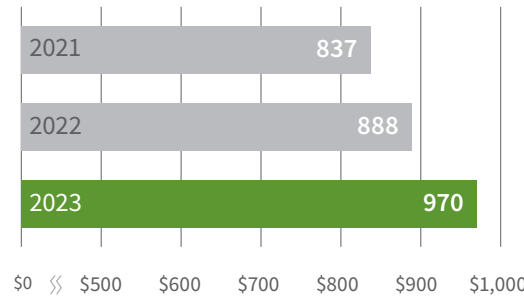
Capital Ratio in Percentage



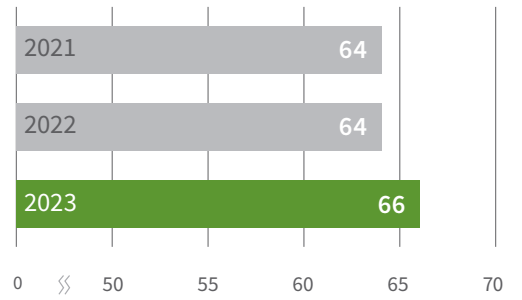
Return on Assets in Percentage



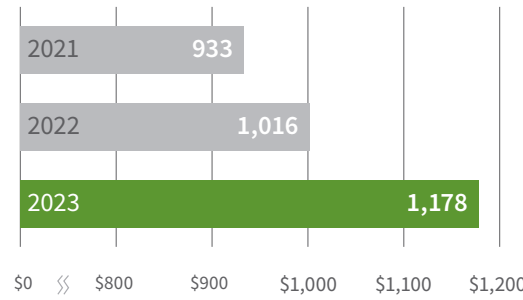
Total Shares & Certificates in Millions



Number of Members in Thousands



Total Assets in Millions



Stone Branch Remodel





Chad's Champions

Holiday Giving



Miracle on 31ST St.



Holiday Cash Giveaway
\$1,500 to 5 Members



Cody's Friends



Pima Animal Care Center



Toys For Tots
in Springerville



Season4Hope Drive



Tu Nidito



Pima Elves
\$500 per Department for 21 Local Organizations



World of BBQ



Casa De Los Niños



Thanksgiving Giveaway
\$250 Gift Cards to 20 Members



Innovation Academy



Angel Heart Pajama Project



More Than A Bed

LOCATIONS

Stone

3730 N. Stone Ave., Tucson, AZ 85705

Thornydale

6510 N. Thornydale Rd., Tucson, AZ 85741

Valencia

2455 E. Valencia Rd., Tucson, AZ 85706

Pantano

231 N. Pantano Rd., Tucson, AZ 85710

Silverlake

1177 W. Silverlake Rd., Tucson, AZ 85713

Steam Pump

11025 N. Oracle Rd., Oro Valley, AZ 85737

Sahuarita

18767 S. Nogales Hwy, Suite 115, Green Valley, AZ 85614

Springerville

830 E. Main St., Suite 170, Springerville, AZ 85938

Show Low, Yuma, & Gladden Farms

Coming Soon!

CONTACT US

520.887.5010

pimafederal.org

@pimafederal on  

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May 2024