

2019

# MVFCU annual **report**



**MATANUSKA VALLEY**  
FEDERAL CREDIT UNION

# REACHING **NEW HEIGHTS**

Author, educator and management consultant, Peter Drucker once said,  
*"Whenever you see a successful business, someone once made a courageous decision."*

In 2019, the courageous decisions were made and led by the dedicated Board of Directors and Senior Management team and successfully carried out by the many devoted MVFCU employees in both Alaska and Hawaii.

For any organization, success invariably leads to growth and for most, growth can be one of the most exciting parts of any business. That has certainly been the case for Matanuska Valley Federal Credit Union in 2019. From asset size to membership to employees, it has been a year of REACHING NEW HEIGHTS in so many ways.

An expected benefit of growth is the ability to serve our members in new and needed ways. MVFCU continues to strive to bring added value and innovation to our products and services. Feedback we're getting from our members indeed validates our belief that we ARE finding success in our service.

While we don't rest in our accomplishments of 2019, today we celebrate our success, our growth and look forward to continue to REACH NEW HEIGHTS for many years to come!



**ED GRAVLEY**  
CEO  
33 YEARS OF SERVICE

**DON SHIESL**  
BOARD CHAIR  
14 YEARS OF SERVICE

**KAREN FOSTER**  
BOARD VICE-CHAIR  
4 YEARS OF SERVICE

**GAYE SARVELA**  
SECRETARY-TREASURER  
7 YEARS OF SERVICE

**DAVID COMBS**  
DIRECTOR  
8 YEARS OF SERVICE

## SUPERVISORY **COMMITTEE**

**MATT REISTERER**  
CHAIR  
16 YEARS OF SERVICE

**DIANA LONG**  
VICE-CHAIR  
16 YEARS OF SERVICE

**DAVE TAYLOR**  
MEMBER  
40 YEARS OF SERVICE

**DANALYNN DALRYMPLE**  
MEMBER  
8 YEARS OF SERVICE

**RICK ANTONIO**  
MEMBER  
1 YEAR OF SERVICE

# BOARD OF DIRECTORS



**JOSEPH HAWKINS**  
DIRECTOR  
8 YEARS OF SERVICE

**CRYSTAL STANLEY**  
DIRECTOR  
5 YEARS OF SERVICE

**AMY ROBERTS**  
DIRECTOR  
2 YEAR OF SERVICE

**HELEN MUNOZ**  
DIRECTOR EMERITUS  
33 YEARS OF SERVICE

**KRISTYNA COLBERG**  
DIRECTOR EMERITUS  
18 YEARS OF SERVICE

# 2019 WAS A **VERY GOOD YEAR** FOR YOUR CREDIT UNION...

*both financially and in member satisfaction. The Credit Union is serving over 47,303 members with assets growing from \$507 million in 2018 to \$556 million in 2019 and helping our members with \$278 million in loans.*



I'm proud to help lead a vibrant Credit Union that continues to grow while providing our members with world-class services in the communities we serve, reaching from the Upper Susitna Valley in Alaska all the way south to Waipahu in Hawaii.

This is the first full year with a new executive team being in place. The executive team is comprised of Bill Khoe, Chief Operations Officer, Tia Burgess, Chief Financial Officer, Angela Hobbie, Chief Human Resources Officer, Linda Money maker, Chief Member Experience Officer and Doug Johnson, Chief Credit Officer. The executive team has worked with 155 dedicated employees to provide you, our members, quality services that meet your needs.

In 2019 we partnered with the Member Loyalty Group to provide ongoing member satisfaction surveys to ensure we meet your needs through the Credit Union. In August of 2019, the Member Loyalty Group performed a member's satisfaction survey and we're very proud to report that you, our members, gave the Credit Union a Net Promoter Score (NPS) of 74.83. An NPS score above 70 is considered very high. Thanks to all our members that took the time to complete the survey. These surveys allow for you to provide feedback and give us the opportunity to improve our offered products and services.

The mission of the Credit Union is as follows: ***Matanuska Valley Federal Credit Union exists to improve our communities by providing knowledge and services for our members to achieve their financial goals by honoring our Core Values.*** In 2020 our Board and staff will continually strive to meet the mission of the Credit Union to ensure you achieve your financial goals by providing low cost services, low loan rates and fair deposit rates with world-class service.

I would like to thank the Board of Directors and Supervisory Committee for their hundreds of volunteer hours which they provide to this Credit Union representing you, our members.

  
Ed Gravley | CEO

  
Don Shiesl | Board Chair

# SUPERVISORY COMMITTEE REPORT

At Matanuska Valley Federal Credit Union (MVFCU), the safety of members' assets is of the utmost importance. Significant steps are taken to provide the tools and protections necessary to ensure the security of the information and resources members entrust to MVFCU. One of these tools is a team comprised of local volunteers called the Supervisory Committee.

Federal regulations establish the primary function of the Supervisory Committee is "to ensure ongoing reviews and audits to make sure that Credit Union records are maintained properly, honestly, and accurately; that policies established by law and by the Board of Directors are carried out faithfully; and that members' assets are safeguarded and used according to the purposes of the Credit Union." The MVFCU Supervisory Committee is committed to fulfilling its duty to the membership through the performance of key responsibilities.

A primary Committee responsibility is working toward strengthening the procedures used to ensure safety and soundness of member assets at MVFCU. A core part of this commitment is engaging our independent external auditor, Moss Adams, LLP. Moss Adams, LLP is one of the nation's leading CPA firms with a specialized financial services practice group that is well-equipped to provide an audit of MVFCU's consolidated financial statements in an environment that is increasing in complexity. Additionally, Moss Adams, LLP provides a Loan Underwriting and Credit Quality review of MVFCU's member business loans as well as a review of MVFCU's Interest Rate Risk, Asset Liability Management, and Liquidity Management on a bi-annual basis.

## STATEMENT OF FINANCIAL CONDITION

YEARS ENDING DECEMBER 31

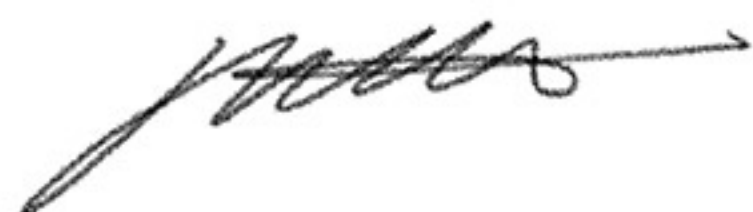
<b>ASSETS</b>	<b>2019</b>	<b>2018</b>
CASH AND CASH EQUIVALENTS	\$ 30,373,414	\$ 24,502,439
INVESTMENTS, AT FAIR VALUE	232,995,816	207,962,783
LOANS RECEIVABLE, NET OF ALLOWANCE FOR LOAN LOSS	275,285,846	257,972,312
PREMISES AND EQUIPMENT, NET	7,920,414	7,959,457
NCUA SHARE INSURANCE FUND	4,353,976	4,147,046
ALL OTHER ASSETS	5,435,548	4,467,991
<b>TOTAL ASSETS</b>	<b>\$ 556,365,014</b>	<b>\$ 507,012,028</b>
<b>LIABILITIES &amp; MEMBERS' EQUITY</b>		
MEMBERS' SHARES	\$ 487,735,859	\$ 447,348,486
OTHER LIABILITIES	5,015,665	5,341,251
RESERVES AND UNDIVIDED EARNINGS	63,477,619	58,460,417
UNREALIZED GAIN (LOSS) ON INVESTMENTS	135,871	-4,138,126
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 556,365,014</b>	<b>\$ 507,012,028</b>

The direction of MVFCU's internal audit efforts is another responsibility of the Supervisory Committee. The periodic audits performed by an internal auditor provide an additional layer of review to the effectiveness and compliance of the internal policies and procedures as well as the federal regulations that MVFCU is operating within. The Supervisory Committee meets quarterly with management and the internal auditor.

The National Credit Union Administration (NCUA) also conducts periodic examinations. During our last examination, the NCUA looked at seven major risk areas: Credit Risk, Interest Rate Risk, Liquidity Risk, Transaction Risk, Compliance Risk, Strategic Risk, and Reputation Risk. As of June 30, 2019, the NCUA again provided MVFCU with an overall rating indicative of a well-managed credit union.

Your Credit Union continues to be a safe, secure and well-run financial institution. You can place your trust and financial future in your locally operated financial cooperative with confidence.

Respectfully submitted,



Matthew J. Reisterer  
Chair | MVFCU Supervisory Committee

## ▶ STATEMENT OF **INCOME & EXPENSE**

YEARS ENDING DECEMBER 31

	<b>2019</b>	<b>2018</b>
<b>INTEREST INCOME</b>		
INTEREST ON LOANS	\$ 14,008,333	\$ 13,352,599
INCOME FROM INVESTMENTS	6,345,133	5,225,583
<b>TOTAL INTEREST INCOME</b>	<b>\$ 20,353,466</b>	<b>\$ 18,578,182</b>
<b>LESS</b>		
DIVIDENDS	\$ 1,549,608	\$ 1,308,348
INTEREST ON BORROWED MONEY	10,790	29,407
PROVISION FOR LOAN LOSSES	1,995,092	1,268,926
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	<b>\$ 16,797,976</b>	<b>\$ 15,971,501</b>
<b>OPERATING EXPENSES</b>		
COMPENSATION AND BENEFITS	\$ 11,788,505	\$11,305,456
OFFICE OPERATIONS	2,825,953	2,754,969
PROFESSIONAL AND OUTSIDE	1,539,812	1,267,774
OFFICE OCCUPANCY	1,263,725	1,153,449
EDUCATIONAL AND PROMOTIONAL	580,390	656,041
OTHER OPERATING EXPENSES	403,932	770,794
TRAVEL AND CONFERENCE	252,948	203,474
LOAN SERVICING	92,100	100,546
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 18,747,365</b>	<b>\$ 18,212,503</b>
<b>PLUS</b>		
OTHER OPERATING INCOME	5,396,943	5,516,016
NON-OPERATING INCOME	2,066,726	22,483
<b>NET INCOME</b>	<b>\$5,514,280</b>	<b>\$3,297,497</b>



## ▶ FIVE YEAR TRENDS

TOTALS	SHARES	LOANS	AUTO LOANS	ASSETS
2019	487,735,859	278,673,889	89,004,782	556,365,014
2018	447,348,486	260,897,963	73,155,729	507,012,028
2017	436,332,581	264,381,205	66,343,310	494,327,970
2016	422,027,847	252,210,486	54,521,015	475,783,734
2015	413,995,230	257,619,727	44,480,277	466,938,929

## ▶ 2019 LOAN COMPOSITION

AUTO LOANS	89,004,782
CONSUMER UNSECURED LOANS	15,015,214
OTHER CONSUMER SECURED LOANS	27,316,399
RESIDENTIAL REAL ESTATE LOANS	85,058,002
COMMERCIAL LOANS	62,279,492





MEMBERS

NET WORTH

NET WORTH RATIO

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47,303	63,477,619	11.84%
45,289	58,460,417	11.75%
43,961	55,162,920	11.33%
42,374	52,299,804	11.04%
40,912	48,619,860	11.00%



# PARTNERING WITH THE COMMUNITY

Part of the MVFCU Mission Statement states,  
*"Matanuska Valley Federal Credit Union exists to improve our communities".*

As a community credit union, we consider it our **responsibility** to partner with the people we serve to help create a vibrant, growing community that supports each other for the benefit of every community member.

Each year MVFCU staff volunteer their time to assist with events like Day of Caring, Homeless Connect, Stuff the Bus and the McKinley Wildfire Donation Intake. We've also assisted with the Salvation Army at Christmas to Ring the Bell for contributions. All in all MVFCU employees gave over 575 hours of time in 2019 serving in our community.

## LOCAL COMMUNITY PARTNERSHIPS...

- ▶ Frontline Mission
- ▶ United Way Mat-Su
- ▶ HeartReach
- ▶ Palmer Museum
- ▶ My House
- ▶ Wasilla Area Seniors
- ▶ Cub Scouts
- ▶ Red Cross
- ▶ Palmer Arts Council
- ▶ Chamber of Commerce in Talkeetna, Palmer and Wasilla
- ▶ Knik Tribal Council
- ▶ Chugiak Soccer Club
- ▶ Willow Farmers Market
- ▶ Valley Recycling
- ▶ AK Raceway Park
- ▶ Valley Performing Arts
- ▶ Salvation Army



## **SPECIAL COMMUNITY EVENTS...**

- ▶ Big Brothers – Bowl for Kids
- ▶ Mat-Su Miners Baseball 2019
- ▶ Cash for Cans Mat-Su & Alaska
- ▶ Palmer Halloween Hallow
- ▶ Big Lake Lions Kids Fishing Derby
- ▶ HS Graduation Blasts/Mat-Su Communities
- ▶ Palmer Who Let the Girls Out
- ▶ Alaska Business Week
- ▶ Native Youth Olympics
- ▶ Willow Winter Carnival
- ▶ Meadow Lakes Community Clean Up
- ▶ Colony Christmas
- ▶ Eagle River Bear Paw Festival
- ▶ Kapiolani Children’s Miracle Network
- ▶ Alaska State Fair Kid Zone
- ▶ Junior Achievement
- ▶ City of Houston Founders Day

## **COMMUNITY EDUCATION**

We also make a part of our mission to provide financial education opportunities for everyone, member or not. In 2019, we offered retirement and investment workshops, budget and credit building seminars, hosted Junior Achievement lessons in local schools and supported the Financial Reality Foundation in hosting Get REAL Financial Reality Fairs for high school students all across the MatSu Valley.

Giving back by the numbers ... In all, over 325 volunteers gave over 800 hours of volunteer service just for the Get REAL Financial Reality Fairs alone. Many others gave significant time to teaching personal financial education through the Jr. Achievement of Alaska program and in teaching students in local high schools.

*Financially, MVFCU was pleased to donate over \$230,000 toward helping provide educational opportunities for our community members.*

Mat-Su 907.745.4891  
Eagle River 907.694.4891  
Hawaii 808.677.6206

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Palmer, AK 99645

[mvfcu.coop](http://mvfcu.coop)



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**FEDERAL CREDIT UNION**