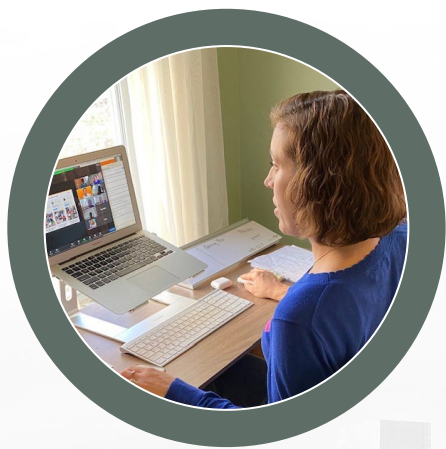


# 2020 ANNUAL REPORT



*Not here for our profit.  
Here for yours.*

**PFCU**  
PHILADELPHIA  
FEDERAL CREDIT UNION

Insured by NCUA

## CHAIRMAN AND PRESIDENT'S REPORT

While 2020 proved to be an unprecedented year of unyielding trials for our credit union, members and communities, we are pleased to share that Philadelphia

Federal Credit Union remained resolute in providing reliable, unwavering support to the membership every step of the way. As an essential business amidst the COVID-19 pandemic, we recognized our need to vigilantly adapt our way of doing, thinking and serving in order to provide uninterrupted financial support to our community in a time of unexpected and unthinkable difficulties.

We are proud to share that during a global pandemic that could have easily brought us down, PFCU did more than just survive – we unified together with our board, management, staff and members to face and conquer the year through hard work, teamwork, and resilience. While we have much to share and celebrate in the way of assisting our members in a time of great need, we dually recognize that the success of this notable year likewise belongs to our members who have remained committed to the credit union throughout the ups and downs. We are grateful for your support and honored to be the one you trust to be your financial partner in time of need.

### FOR THE MEMBERSHIP

Throughout the COVID-19 pandemic, we increased the channels through which our members could stay connected, informed, educated, and supported in safe, yet convenient ways.

#### Connected

- We introduced an **Online Scheduling** software to provide members with a simple way to schedule in-person appointments to open an account, apply for a loan, or to simply meet with a Member Services Representative at the branch location of their choice.
- We also implemented a streamlined **Contact Center** menu on our phone system, enhancing the member experience with quick, convenient access to their PFCU account information.

#### Informed

- We dedicated an entire **PFCU webpage** to COVID-19 related information, conveniently highlighting branch access, account access, loan assistance, stimulus payments, and scam alerts.
- We successfully continued **expanding our community ties** through Facebook, Twitter, LinkedIn and YouTube by featuring a variety of informational and how-to videos related to the home buying process, various promotions, and virtual seminars that were held throughout the year.

#### Educated

- Each month we shared informational articles through our **MoneyLine Blog**, featuring relevant topics, such as *Tips for Handling an Uncertain Future*, *Sustainable Ways to Cut Down on Spending*, and *Tips for Managing Debt*.
- In order to more safely reach our members and communities and to more fittingly meet their evolving priorities throughout the pandemic, our **Accredited Financial Counselor** shifted to online platforms and focused her insights on several relevant topics, such as the *Economic Impact Payment (EIC)*, *COVID-19 Fraud Prevention*, *Understanding Credit*, and *Effective Financial Goal Setting*.
- To help members better guard themselves against cyber criminals, identity theft, and coronavirus-related scams, we provided ongoing communications **featuring security tips and guidelines** for keeping accounts and personal information more secure.

#### Supported

In a year when the demand for financial assistance was at its greatest, we matched those needs with an increase in financial tools, support and assistance.

In response to the pandemic, we offered members assistance in a variety of ways, including:

- The **PFCU Skip-a-Pay Program, Hardship Relief Loan, and mortgage assistance**
- Additional lending support, including **Paycheck Protection Loans**
- Affordable auto, home and life insurance options through the **TruStage® Insurance Agency**

Additionally, we provided **840 loans, totaling over \$3 million in emergency support**, to members in need throughout the coronavirus outbreak.

### FOR THE COMMUNITY

**Donations to the community** – We donated care items, supplies, and \$2,500 each to four of Philadelphia's non-profit organizations (Lutheran Settlement House, Gaudenzia House of Passage, DePaul USA, and Turning Points for Children) who continued to provide essential services to people in need in our community throughout the pandemic.

**Scholarship Program** – To continue our support of higher education, we awarded five \$2,500 scholarships to deserving seniors.

**Partnership with Spark** – Together with the national non-profit organization Spark, we hosted a one-hour virtual workshop for Henry C. Lea School. With a focus on responsible decision making, the workshop provided students with an opportunity to learn about social media marketing and the ways brands attract consumers on those platforms.

**Financial Literacy Contest** – Awarding \$25 gift cards to each participant and a total of \$1,500 in prizes to winners, our virtual Financial Literacy Contest encouraged individuals from local non-profit organizations to submit a creative essay, poem, or piece of artwork expressing what financial security meant to them.

**Community events** – We sponsored a variety of notable community events, including a free Shredding Day event held at our Operations Center and sponsorship of Temple University Athletics as the Official Credit Union of Temple University.

**Employee/volunteer-sponsored event** – Though things looked a little different in the midst of the COVID-19 crisis, we managed to continue our support of employee and volunteer sponsored events, including Special People in the Northeast Inc.'s Thankful 5K Virtual Run/Walk event.

**Season of Giving** – In response to national increases in housing insecurity and domestic violence, we partnered with the local non-profit organization Lutheran Settlement House (LSH) for our 2020 Season of Giving. Together with the matched donations from our Board of Directors, PFCU employees raised a grand total of \$6,450 in donated gifts and cash donations. This generous donation was used by LSH to provide gifts for roughly 200 families impacted by domestic violence and nearly 100 people, including 70 children, experiencing homelessness.

There is no doubt that 2020 was a year marked by trials and challenges for individuals, our community and our credit union. Yet, we gratefully reflect upon the many triumphs and successes that surrounded those hurdles and celebrate the loyalty of our dedicated staff and membership. You remain our inspiration for greatness and our optimism for the future. Thank you for continuing to join us on this journey and for allowing us to be your helping hand in a time when unity is more important than ever.

**BERNARD B. LESTER**  
Chairman

**PATRICIA A. CRAVEN**  
President/CEO







## INDEPENDENT AUDITORS' REPORT

We have audited the accompanying consolidated statements of financial condition of Philadelphia Federal Credit Union and its Subsidiaries, which comprise the consolidated balance sheets as of September 30, 2020 and 2019, and the related consolidated statements of income, comprehensive income, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements. These consolidated financial statements are the responsibility of the Credit Union's management.

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Philadelphia Federal Credit Union and its Subsidiaries as of September 30, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### CONNOLLY, GRADY & CHA, P.C.

Certified Public Accountants  
Springfield, Pennsylvania



## BALANCE SHEET

	September 2020	September 2019	Net Change 2020-2019	% Change
<b>ASSETS</b>				
Cash and cash equivalents	\$ 311,803,637	\$ 239,182,761	\$ 72,620,876	30.36%
Investment Securities (Available for Sale)	276,411,009	141,896,443	134,514,566	94.80%
Loans Receivable	742,127,371	724,050,328	18,077,043	2.50%
Allowance for Loan Losses	(13,558,059)	(6,545,187)	(7,012,872)	107.15%
Accrued Interest Receivable	2,963,424	2,690,631	272,793	10.14%
Premises & Equipment	14,096,271	14,437,067	(340,796)	-2.36%
Restricted Stock - FHLB Pittsburgh	415,500	454,900	(39,400)	-8.66%
Prepaid Expense and Other Assets	19,508,634	12,037,118	7,471,516	62.07%
Prepaid Pension Obligation	42,706,610	27,403,125	15,303,485	55.85%
Insurance Funding Receivable	23,679,534	23,080,787	598,747	2.59%
Other Real Estate Owned	1,723,210	1,815,542	(92,332)	-5.09%
NCUSIF Deposit	11,775,698	9,839,823	1,935,875	19.67%
<b>Total Assets</b>	<b>\$ 1,433,652,839</b>	<b>\$ 1,190,343,338</b>	<b>\$ 243,309,501</b>	<b>20.44%</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
Accounts Payable & Accrued Expense	\$ 4,197,855	\$ 2,876,959	\$ 1,320,896	45.91%
Advance Payments by Borrowers for Taxes & Ins	1,775,942	1,757,824	18,118	1.03%
Borrowings	0	10,000	(10,000)	-100.00%
Other Liabilities	384,799	381,132	3,667	0.96%
<b>Total Liabilities</b>	<b>6,358,596</b>	<b>5,025,915</b>	<b>1,332,681</b>	<b>26.52%</b>
<b>EQUITY</b>				
Shares	1,055,405,257	817,079,520	238,325,737	29.17%
Certificates	213,368,181	209,289,808	4,078,373	1.95%
<b>Total Shares</b>	<b>1,268,773,438</b>	<b>1,026,369,328</b>	<b>242,404,110</b>	<b>23.62%</b>
Regular Reserves	4,172,269	4,172,269	0	0.00%
Undivided Earnings	174,810,863	157,041,137	17,769,726	11.32%
Unreal Gain/Loss-Invest.-Pension FAS158	(24,003,566)	(343,636)	(23,659,930)	6885.17%
Unreal Gain/Loss-Invest.	425,851	(19,691,401)	20,117,252	-102.16%
Net Income/Loss	3,115,388	17,769,726	(14,654,338)	-82.47%
<b>Total Equity</b>	<b>158,520,805</b>	<b>158,948,095</b>	<b>(427,290)</b>	<b>-0.27%</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$ 1,433,652,839</b>	<b>\$ 1,190,343,338</b>	<b>\$ 243,309,501</b>	<b>20.44%</b>

## INCOME & DISTRIBUTION

	September 2020	September 2019	Net Change 2020-2019	% Change
<b>INCOME</b>				
Interest on Loans	\$ 42,144,441	\$ 42,176,514	\$ (32,073)	-0.08%
Investment Income	4,263,854	7,454,735	(3,190,881)	-42.80%
Fee Income	18,784,251	19,787,629	(1,003,378)	-5.07%
Gain on Sale of Premises	17,858	2,373,515	(2,355,657)	-99.25%
Gain on Sale of Loans	211,214	236,823	(25,609)	-10.81%
Other Income	1,298,882	1,301,925	(3,043)	-0.23%
<b>Gross Income</b>	<b>\$ 66,720,500</b>	<b>\$ 73,331,141</b>	<b>\$ (6,610,641)</b>	<b>-9.01%</b>
<b>Distribution of Income</b>				
Dividends to Members	\$ 6,730,246	\$ 7,463,207	\$ (732,961)	-9.82%
Interest on Borrowed \$\$\$	0	0	0	0.00%
Provision Loan Losses	11,695,540	3,656,124	8,039,416	219.89%
Operational Expenses	44,672,437	44,145,031	527,406	1.19%
Non-Operational Expenses	506,889	297,053	209,836	70.64%
Undivided Earnings	3,115,388	17,769,726	(14,654,338)	-82.47%
<b>Total Distribution</b>	<b>\$ 66,720,500</b>	<b>\$ 73,331,141</b>	<b>\$ (6,610,641)</b>	<b>-9.01%</b>

## BOARD OF DIRECTORS

**BERNARD LESTER**  
Chairman

**PAULETTE CHAMBERS**  
Vice Chairman

**JOSEPH F. McHUGH, JR.**  
Treasurer

**ELIZABETH SEES**  
Secretary

**CAROLYN DALEY BRADY**  
Member

**BRIDGET TIERNEY BROWN**  
Member

**VINCENT COLABERDINO**  
Member

**SHAWN HAGERTY**  
Member

**KATHLEEN MEYER**  
Member

**MICHELE WILLMUNDER**  
Member

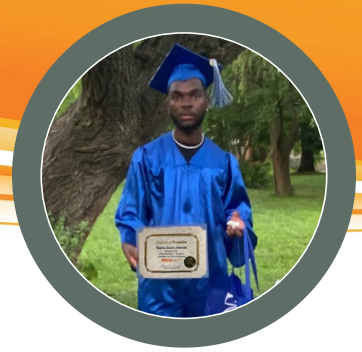
**CHARLES ZACNEY**  
Member

**MICHAEL J. McALLISTER, ESQ.**  
Emeritus

**DENNIS McBRIDE**  
Emeritus

**ELAINE MELCHIORRE**  
Emeritus

**ELOUISE THOMAS**  
Emeritus



## TREASURER'S REPORT

A year unlike any in our previous history, 2020 proved uniquely challenging for many individuals, businesses, and corporations, in a variety of ways. With that knowledge in mind, it is with great satisfaction that I share Philadelphia Federal Credit Union has managed to continue a trend of strength, stability and success throughout the unprecedented year. While we did experience a decrease in net income, we likewise saw a pattern of growth and consistent increase in many other areas, including net worth and credit quality. Overall, and considering the tumultuous year our nation experienced, we remain pleased and confident in the stability of your credit union.

Ending the year at \$1,433,652,839 in assets, we experienced a 20.44% increase over the previous year's assets. In addition, we closed the year out with member shares reaching a total of \$1,268,773,438, an increase of 23.62% from 2019. Loan growth increased by \$18 million to \$742

million, a 2.5% increase over the past 12 months. Net income decreased by 82.47% to \$3,115,388, affecting dividends paid to members, which totaled \$6,730,246.

Despite an unexpectedly unbridled year, your credit union has emerged healthy, sound and ready to continue meeting your financial needs. This triumph is due not only to the hard work and dedication of the PFCU board, management and staff, but also to the great loyalty and support of our membership. You have remained a constant in the midst of uncertainties, and on the behalf of all PFCU staff, management and Board of Directors, I thank you for remaining the inspiration behind the exceptional success of Philadelphia Federal Credit Union.

**JOSEPH F. McHUGH, JR.**  
Treasurer

## SUPERVISORY COMMITTEE'S REPORT

Philadelphia Federal Credit Union's Supervisory Committee is responsible for reviewing the audit function of the Credit Union to ensure that PFCU's financial strength is fairly represented. The committee oversees the internal and external auditors who make sure that the Credit Union's financial controls are operationally sound and functioning in accord with the mandated guidelines and policies set forth by all governing bodies.

An external audit was conducted in 2020 by the Certified Public Accounting firm of Connolly, Grady and Cha, P.C. The federal examiners of the National Credit Union Administration (NCUA) also audited the Credit Union. These examinations of PFCU's financial statement and practices, along with audits conducted by the Internal Audit Department, have concluded Philadelphia Federal Credit Union to be in excellent condition, both financially and administratively.

Due in part to the efforts of the Supervisory Committee and auditors throughout the credit union movement, credit unions as a whole are very sound financial institutions. Credit Unions

provide an alternative to consumers which is why every year more individuals are choosing credit unions not only because of their cost effective services, but also because, more importantly, they know that their money is safe.

The Supervisory Committee is dedicated to ensuring that these well-founded beliefs and principles are steadfastly maintained for our members' benefit. The committee welcomes all comments and suggestions from our members. You are invited to use the following address:

PFCU Supervisory Committee  
P.O. Box 21004  
Philadelphia, PA 19114

**TIMOTHY LEDERER**  
Chairman



**PFCU**  
PHILADELPHIA  
FEDERAL CREDIT UNION

*Not here for our profit.*

**Here for yours.**

### MAILING ADDRESS

12800 Townsend Road  
Philadelphia, PA 19154-1003

### TELEPHONE NUMBERS

215-934-3500 • 800-832-PFCU  
TDD: 215-934-4000

### 24-HOUR ACCOUNT ACCESS

Teller Phone: 877-835-7328  
Teller Net: Enter through pfcu.com

### WEBSITE

pfcu.com

