



# 2022 ANNUAL REPORT

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



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## CHAIRMAN AND PRESIDENT'S REPORT

As we look back on 2022, we feel grateful for the continued support of our members and take pride in the hard work and dedication of our employees that made it possible. While 2022 brought many changes from the past few years, one of the biggest was the economy. Despite interest rate hikes across the country and continued supply chain shortages, Philadelphia Federal Credit Union continued to work relentlessly to provide members with the best rates and services possible.

For many, the economy created a time of financial uncertainty as inflation continued to rise. However, at PFCU, we held tight to our "People helping people" philosophy to help our members as they faced these challenges. This personal touch to banking is at the heart of what we do here at PFCU, and we will continue our dedication to our membership and the community during these economic times.

**See for yourself PFCU's dedication to our membership and community:**

### FOR THE MEMBERSHIP

**Reduced Rates** – To offer a more affordable option to consolidate debt at a fixed-rate payment, we reduced our rates on Personal Loans.

**Increased Dividend Rates** – To provide our members with a greater return on their money, we increased dividend rates on our savings products.

**Waived Fees** – We waived the fees on our mortgage loans, saving members more money to use towards their closing costs.

**Merger** – The membership of IUPAT District Council 21 Federal Credit Union merged with our Credit Union. We acquired 223 new members, giving them access to more accessible products and services.

**Online Business Banking** – We introduced Online Business Banking, an online solution that allows our business members the convenience of managing their business and personal finances all in one place.

**Business Micro LOC** – We offered a Business Micro Line of Credit. This product is an unsecured, revolving line of credit that can help small businesses manage their cash flow. It features a lower credit limit than our Working Capital Line of Credit and is a better option for smaller cash flow needs.

**TruStage®** – We are proud to offer members affordable auto, home and life insurance options through TruStage Insurance Agency.

### Upgrades

- We upgraded our PFCU Check Cards to offer contactless technology for secure transactions at available merchants.
- We enhanced our Purchase Rewards program, which allows members to choose debit card offers and earn cash back in their accounts.
- We upgraded our eAlerts notices and introduced new and improved Active Alerts to our members. Active Alerts are real-time notifications sent by email and/or text when a transaction or other event has completed on their account.

### Financial Education

- PFCU's financial education program continued to connect with our members and the community. Our Accredited Financial Counselor conducted 134 virtual and in-person seminars with attendance totaling 4,005. She shared her insights on several topics such as Credit: Improve Your Score, Pay Down Debt, Federal Student Loan Repayment and Identity Theft and Fraud Prevention.
  - We educated our members on the importance of account security through ongoing communication and guidelines to avoid identity theft and scams.
  - Our members were provided with helpful and informative articles through our MoneyLine blog.
  - We created MoneyLine in a Minute educational videos that were featured monthly on our Facebook and Instagram pages.

**Student Scholarships** – We awarded six \$2,500 scholarships to deserving students. PFCU created the Scholarship Program in keeping with our philosophy of giving back to members and the communities we serve. Our commitment to the young leaders in our communities demonstrates a firm belief in their ability to pursue their life's desires and dreams.

### FOR THE COMMUNITY

**Social Expansion** – We continued to expand our community ties through Facebook, Twitter, LinkedIn and YouTube and increased each platform's following. Through these social platforms, we held a variety of member promotions, hosted virtual seminars and created videos promoting the homebuying process.

**Community Events** – We hosted several free shredding days at our Operations Center and Bloomsburg branch, along with having the privilege of being the Official Credit Union of Temple University through our sponsorship of Temple University Athletics.

**Employee/Volunteer-Sponsored Events** – This year, PFCU employees and volunteers sponsored numerous events, including The Philadelphia St. Patrick's Day Parade, Children's Hospital of Philadelphia's Spin-In event, Philadelphia Federal Credit Union Kensington Derby & Arts Festival and the Smith Memorial Playground's Slide-A-Thon.

**Local Donations** – PFCU continued to show our support to our communities by making donations to Philadelphia non-profits, including Beyond Literacy, DePaul USA, House of Passage and the Lutheran Settlement House, all of which continued to provide essential services to people in need in our community.

As always, our philosophy is one that continues to inspire and mold PFCU into a credit union that consistently puts people first. The success of 2022 would not have been possible without the dedication of PFCU's staff, management and numerous committees – but most importantly, our members like you. We truly appreciate the support, confidence and trust you continue to place in Philadelphia Federal Credit Union. We look forward to 2023 and the opportunities for further growth in the coming year.

**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, 2022 and 2021, 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, 2022 and 2021, 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 2022	September 2021	Net Change 2022-2021	% Change
<b>ASSETS</b>				
Cash and cash equivalents	\$334,397,735	\$383,181,209	\$(48,783,474)	-14.59%
Investment Securities (Available for Sale)	346,639,239	339,386,126	7,253,113	2.09%
Loans Receivable	835,189,040	778,269,310	56,919,730	6.82%
Allowance for Loan Losses	(3,136,612)	(4,390,337)	1,253,725	-39.97%
Accrued Interest Receivable	2,994,426	2,841,063	153,363	5.12%
Premises & Equipment	13,851,451	12,769,086	1,082,365	7.81%
Restricted Stock - FHLB Pittsburgh	733,700	615,500	118,200	16.11%
Prepaid Expense and Other Assets	14,739,239	37,875,650	(23,136,411)	-156.97%
Prepaid Pension Obligation	34,988,814	50,579,244	(15,590,430)	-44.56%
Insurance Funding Receivable	24,923,995	24,294,750	629,245	2.52%
Other Real Estate Owned	0	0	0	0.00%
NCUSIF Deposit	13,685,915	13,545,133	140,782	1.03%
<b>Total Assets</b>	<b>\$1,619,006,942</b>	<b>\$1,638,966,734</b>	<b>\$(19,959,792)</b>	<b>-1.22%</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
Accounts Payable & Accrued Expense	\$5,994,626	\$4,337,019	\$1,657,607	27.65%
Advance Payments by Borrowers for Taxes & Insurance	1,862,378	2,048,368	(185,990)	-9.99%
Borrowings	0	0	0	0.00%
Other Liabilities	181,409	821,356	(639,947)	-352.76%
<b>Total Liabilities</b>	<b>8,038,413</b>	<b>7,206,743</b>	<b>831,670</b>	<b>11.54%</b>
<b>EQUITY</b>				
Shares	1,278,672,143	1,244,396,929	34,275,214	2.68%
Certificates	188,329,979	205,028,314	(16,698,335)	-8.87%
<b>Total Shares</b>	<b>1,467,002,122</b>	<b>1,449,425,243</b>	<b>17,576,879</b>	<b>1.21%</b>
Regular Reserves	4,172,269	4,172,269	0	0.00%
Undivided Earnings	197,542,132	177,926,251	19,615,881	9.93%
Unreal Gain/Loss-Invest.-Pension FAS158	(30,177,924)	(16,062,301)	(14,115,623)	46.77%
Unreal Gain/Loss-Invest.	(44,246,629)	(3,317,352)	(40,929,277)	92.50%
Net Income/Loss	16,676,559	19,615,881	(2,939,322)	-17.63%
<b>Total Equity</b>	<b>143,966,407</b>	<b>182,334,748</b>	<b>(38,368,341)</b>	<b>-21.04%</b>
<b>Liabilities &amp; Equity</b>	<b>\$1,619,006,942</b>	<b>\$1,638,966,734</b>	<b>\$(19,959,792)</b>	<b>-1.22%</b>

## INCOME & DISTRIBUTION

	September 2022	September 2021	Net Change 2022-2021	% Change
<b>INCOME</b>				
Interest on Loans	\$40,223,556	\$41,177,165	\$(953,609)	-2.32%
Investment Income	6,381,431	2,860,223	3,521,208	123.11%
Fee Income	23,917,342	21,541,412	2,375,930	11.03%
Gain on Sale of Premises	13,523	5,089	8,434	165.73%
Gain on Sale of Loans	92,805	0	92,805	
Other Income	1,966,303	1,806,059	160,244	8.87%
<b>Gross Income</b>	<b>\$72,594,960</b>	<b>\$67,389,948</b>	<b>\$5,205,012</b>	<b>7.72%</b>
<b>DISTRIBUTION OF INCOME</b>				
Dividends to Members	\$4,309,335	\$4,465,381	\$(156,046)	-3.49%
Interest on Borrowed \$\$\$	0	0	0	0.00%
Provision Loan Losses	1,089,443	(593,517)	1,682,960	-283.56%
Operational Expenses	50,464,233	43,799,396	6,664,837	15.22%
Non-Operational Expenses	55,390	102,807	(47,417)	-46.12%
Undivided Earnings	16,676,559	19,615,881	(2,939,322)	-14.98%
<b>Total Distribution</b>	<b>\$72,594,960</b>	<b>\$67,389,948</b>	<b>\$5,205,012</b>	<b>-7.72%</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

**ELAINE MELCHIORRE**

Emeritus

**ELOUISE THOMAS**

Emeritus

**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



## TREASURER'S REPORT

With economic uncertainty a focus for individuals and institutions across the country, it's not a surprise that 2022 proved to be another difficult year. However, I am pleased to report that Philadelphia Federal Credit Union remained financially strong. Despite the array of interest rate hikes and supply chain shortages, PFCU worked tirelessly to sustain and stabilize the credit union's income and balances during a time of hardship for everyone – a feat that displays the resilience of our institution and its employees and members.

Although we experienced a -1.22% asset decrease over the previous year, we still ended 2022 with an impressive portfolio of assets totaling \$1,619,006,942. In addition, we closed the year with member shares reaching a total of \$1,467,002,122, an increase of 1.21% from 2021. Loan growth increased from \$778,269,310 to \$832,052,428, a 6.46% increase, while our gross income increased by 7.72% to \$72,594,960. This sustained growth

resulted in \$4,309,335 in dividends paid to our members.

Despite the ups and downs of the past year, the credit union has persevered and is excited to continue meeting your financial needs in the coming year. Our appreciation goes out to the PFCU board, management and staff who kept us financially strong throughout the unforgiving tides of the economy. We also acknowledge our dedicated and loyal members who continue to place their trust in us. As a member-owned, not-for-profit organization, none of this would be possible without the members, staff and volunteers that are the lifeblood of our successful 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 2022 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. Each year more individuals are choosing credit unions due to their cost-effective services, but more importantly because 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