



2023 ANNUAL REPORT

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



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CHAIRMAN AND PRESIDENT'S REPORT

While 2023 was a year of unpredictable highs and lows, we are thankful for the continued support of our members and dedication from our employees to make Philadelphia Federal Credit Union what it is. We are proud to help our community overcome challenges by lending our assistance to give members the best rates and service possible. PFCU isn't just a financial institution; we stand by your side.

Despite the continued uncertainty as we still deal with the ripples of major events from the past few years, PFCU has remained strong. Our philosophy of "people helping people" shone through as our staff and volunteers dedicated their time to improving financial education for our community. We promise to continue lending unwavering support to our members and community.

Learn about PFCU's dedication to our membership and community:

FOR THE MEMBERSHIP

Reduced Rates and Fees – We offered a special introductory rate for a Home Equity Line of Credit (HELOC). We also waived the application fee on our mortgage loans, saving our members money to use toward closing costs.

Increased Dividends – To help our members fulfill their savings goals, we were able to increase the dividend rates on our savings products and introduce a high-yield savings certificate.

New Member Engagement – PFCU is always prioritizing members, whether new or longstanding, and seeks new ways to engage with new members every year. This year, we:

- Introduced a new member engagement campaign with The Family Security Plan to offer our members a suite of insurance products.
- Welcomed the Transport Workers Union 234 into our field of membership as a new partner group.
- Held member referral promotions during the year that offered a cash incentive to the referring member and new member.

Member Appreciation – To show our appreciation for members and to display our commitment to strengthening their financial well-being, PFCU hosted a member appreciation contest throughout the month of April that awarded cash prizes.

Upgrades – Every year, we seek to improve your banking experience. We are proud to now offer:

- External Transfer and Pay a Person, a new way to transfer money between accounts at PFCU and other financial institutions and from person to person.
- A new partnership with the Upstart Network, Inc., an online vendor that offers auto loan refinances to borrowers.

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

Financial Education – PFCU is dedicated to providing financial education to our members and community. We are proud to share that financial education was once again a highlight, and we were able to provide many resources for our members to take control of their financial health. PFCU's financial education program continued using our online platform to connect to our members and the community.

- We introduced Credit Score, conveniently built right into our online and mobile banking platforms.
- Our MoneyLine blog provided informational articles for our members each month.
- We educated our members on the importance of their account security with ongoing communication and guidelines to avoid identity theft and scams.

- Our Accredited Financial Counselor conducted 88 seminars with attendance totaling 1,743. She shared her insights on several topics, such as Creating Good Money Habits, Setting Goals and Saving, Investing and Retirement Basics, Money Management: Balancing Income and Expenses, and Identity Theft and Fraud Prevention.

Scholarships – We awarded six \$2,500 scholarships to deserving student-members. PFCU created the Scholarship Program in keeping with our philosophy of giving back to members and the communities in which 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 – Our followers on Facebook, Twitter, LinkedIn and YouTube increased, allowing us to expand our community online. Through these platforms, we promoted monthly MoneyLine in a Moment informational videos and short reels to help our followers increase their financial education.

Commitment to the Community – We hosted multiple free shredding days throughout the year at our Operations Center and Bloomsburg branch. Through our sponsorship of Temple University Athletics, we also have the privilege of being the Official Credit Union of Temple University.

Employee/Volunteer-Sponsored Events – PFCU employees and staff sponsored fun events, including the Philadelphia St. Patrick's Day Parade, Caring for Friends and the Kensington Derby & Arts Festival.

Local Support – We continued to show strong support of our community by making donations and participating in many community events, including Morris Animal Refuge's Annual Fur Ball, Mt. Airy Day, the Spruce Hill Community Fair, the 17th Annual Juneteenth Festival, University City District's Movies in Clark Park, Made Institute's Fashion Show, the Awbury Arboretum's Harvest Fest and more.

Season of Giving – We partnered with Veterans Multi-Service Center and donated \$4,000 to their cause through our Season of Giving campaign. It is important to PFCU to support VMC's mission – to provide services, programs, opportunity and advancements to veterans of the U.S. military and their families. The VMC was founded in 1980 by local Vietnam veterans, who built a memorial along the Philadelphia waterfront, and now serves over 6,500 veterans and families annually throughout the tri-state area.

We extend thanks to PFCU's staff, management, numerous committees and, most importantly, our members like you for the success of the past year. Together, we can look forward to 2024 and welcome more opportunities to grow as a community.

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, 2023, and 2022, 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, 2023, and 2022, 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 2023	September 2022	Net Change 2023-2022	% Change
ASSETS				
Cash and Cash Equivalents	\$186,835,899	\$334,397,735	\$(147,561,836)	-44.13%
Investment Securities (Available for Sale)	346,954,556	346,639,239	315,317	0.09%
Loans Receivable	956,850,827	832,052,428	124,798,399	15.00%
Accrued Interest Receivable	3,721,151	2,994,426	726,725	24.27%
Premises & Equipment	12,987,526	13,851,451	(863,925)	-6.24%
Restricted Stock - FHLB Pittsburgh	381,100	733,700	(352,600)	-48.06%
Prepaid Expense and Other Assets	16,341,773	14,739,239	1,602,534	10.87%
Prepaid Pension Obligation	43,449,956	34,988,814	8,461,142	24.18%
Insurance Funding Receivable	25,569,915	24,923,995	645,920	2.59%
Operating Lease Right-of-Use Assets	3,655,043	0	3,655,043	100.00%
NCUSIF Deposit	13,522,164	13,685,915	(163,751)	-1.20%
Total Assets	\$1,610,269,910	\$1,619,006,942	\$(8,737,032)	-0.54%
LIABILITIES AND EQUITY				
LIABILITIES				
Accounts Payable & Accrued Expense	\$5,968,457	\$5,994,626	\$(26,169)	-0.44%
Advance Payments by Borrowers for Taxes & Insurance	1,830,657	1,862,378	(31,721)	-1.70%
Borrowings	969,148	0	969,148	100.00%
Other Liabilities	731,858	181,409	550,449	303.43%
Operating Lease Liabilities	3,706,311	0	3,706,311	100.00%
Total Liabilities	13,206,431	8,038,413	5,168,018	64.29%
EQUITY				
Shares	1,213,330,063	1,278,672,143	(65,342,080)	-5.11%
Certificates	217,556,440	188,329,979	29,226,461	15.52%
Total Shares	1,430,886,503	1,467,002,122	(36,115,619)	-2.46%
Regular Reserves	4,172,269	4,172,269	0	0.00%
Undivided Earnings	214,218,691	197,542,132	16,676,559	8.44%
Unreal Gain/Loss-Invest.-Pension FAS158	(21,745,343)	(30,177,924)	8,432,581	-27.94%
Unreal Gain/Loss-Invest.	(40,809,008)	(44,246,629)	3,437,621	-7.77%
Net Income/Loss	10,340,367	16,676,559	(6,336,192)	-37.99%
Total Equity	166,176,976	143,966,407	22,210,569	15.43%
Liabilities & Equity	\$1,610,269,910	\$1,619,006,942	\$(8,737,032)	-0.54%

INCOME & DISTRIBUTION

	September 2023	September 2022	Net Change 2023-2022	% Change
INCOME				
Interest on Loans	\$49,216,592	\$40,223,556	\$8,993,036	22.36%
Investment Income	12,137,503	6,381,431	5,756,072	90.20%
Fee Income	23,848,436	23,917,342	(68,906)	-0.29%
Gain on Sale of Premises	1,300	13,523	(12,223)	-90.39%
Gain on Sale of Loans	12,250	92,805	(80,555)	-86.80%
Other Income	1,571,000	1,966,303	(395,303)	-20.10%
Gross Income	\$86,787,081	\$72,594,960	\$14,192,121	19.55%
DISTRIBUTION OF INCOME				
Dividends to Members	\$14,650,611	\$4,309,335	\$10,341,276	239.97%
Provision Loan Losses	6,568,831	1,089,443	5,479,388	502.95%
Operational Expenses	55,150,297	50,464,233	4,686,064	9.29%
Non-Operational Expenses	76,975	55,390	21,585	38.97%
Undivided Earnings	10,340,367	16,676,559	(6,336,192)	-37.99%
Total Distribution	\$86,787,081	\$72,594,960	\$14,192,121	19.55%

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



TREASURER'S REPORT

This past year continued to be a rocky recovery with unexpected rates amongst the deceleration of inflation and healing of supply chain issues. Philadelphia Federal Credit Union stayed true to our members and prioritized their dividends while remaining financially stable. We are proud of the resilience of our institution, staff and members.

We experienced a -0.54% asset decrease over the previous year, but we still ended 2023 with an impressive portfolio of assets totaling \$1,610,269,910. In addition, we closed the year with member shares reaching a total of \$1,430,886,503, a decrease of -2.46% from 2022. Loan growth increased from \$832,052,428 to \$956,850,827, a 15.00% increase, while our gross income increased by 19.55% to \$86,787,081. This impressive growth resulted in \$14,650,611 in dividends paid to our members, up 239.97% from last year.

Thank you to the PFCU board, management and staff that serve our credit union and keep it financially strong despite the unexpected turns of the economy. We also appreciate our loyal members who continue to place their trust in us. As a member-owned, not-for-profit organization, we can thrive because of the dedication of our members, staff and volunteers. We look forward to another year of serving our members and continuing to grow.

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 accordance with the mandated guidelines and policies set forth by all governing bodies.

An external audit was conducted in 2023 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 found 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 and, more importantly, because these individuals 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

