

# 2021 ANNUAL REPORT



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

**PFCU**  
PHILADELPHIA  
FEDERAL CREDIT UNION

Insured by NCUA

# CHAIRMAN AND PRESIDENT'S REPORT

As we look back on 2021, we feel grateful for the partnership and patience of our members, and pride in the hard work and dedication of our employees. While 2021 proved to be another year of unprecedented times and uncertainties, Philadelphia Federal Credit Union remained relentless in our commitment to providing unwavering support to our members day in and day out.

Throughout the year, we worked diligently to ensure the safety of our members and employees while keeping our doors open to provide members with uninterrupted access to our Contact Center and all PFCU branches. As many faced financial instabilities related to the ongoing pandemic, we recognized the importance of remaining a steadfast support to our members, and we are grateful for the privilege of standing by your side to assist and guide you through these challenging times.

## FOR THE MEMBERSHIP

**New hours** – To better accommodate members during peak hours, we updated branch and contact center hours, ensuring members have convenient access to credit union services during those times.

**Reduced rates** – In response to the greater demand for affordable financing and debt management solutions, we reduced the rates on our Lines of Credit, making it a great alternative to high-interest bank options and credit cards as well as a convenient, free overdraft protection for PFCU checking accounts.

**Discounted insurance** – Through our partnership with CUNA Mutual, we are pleased to offer excellent opportunities for members to save money on auto, home, and life insurance options through TruSTAGE® Insurance Agency.

## Financial education

- In keeping financial education a priority in 2021, we continued providing relevant informational articles for our members through our **MoneyLine Blog**. Some article topics included *3 Unique Ways to Save Money*, *Budgeting for the 2021 Back-to-School Season*, and *How to Prioritize Your Health and Wellness Without Breaking the Bank*.
- Recognizing the importance of reaching members across multiple platforms, we likewise created **MoneyLine in a Minute**, which featured monthly educational videos posted to our Facebook and Instagram pages. Several topics included *Saving Money Amid the 2021 Wedding Boom*, *5 Ways to Building Generational Wealth*, and *Home Cooked vs. Pre-Made: Which Thanksgiving Dinner is More Budget Friendly*.
- Through our **Financial Education Program**, our Accredited Financial Counselor continued using our online platform to connect with our members and the community. With attendance totaling 1370, she conducted 25 virtual member seminars featuring her insights on several topics, such as *Saving and Planning for a Mortgage*, *Creating Healthy Online Shopping Habits and Avoiding Temptation*, and *Investing for Older Americans*.
- In the ever-changing world of scams and fraud, we remained vigilant in educating our members with **ongoing communications featuring security tips and guidelines** to help them avoid falling victim to identity theft and scams.

## Student Scholarships and Contests

- True to our core philosophy of giving back to our members and the communities we serve, we were pleased to award seven **\$2,500 scholarships** to graduating high school seniors through the PFCU Scholarship Program. Our commitment to the young leaders in our communities demonstrates a firm belief in their ability to pursue their life's desires and dreams.

- During **Financial Literacy Month**, we partnered with Spark, a national non-profit organization, to conduct a virtual Financial Literacy creative contest to help middle school students gain an understanding of the basics of money and to learn how to make better financial decisions. Participating students submitted essays, and we awarded one grand prize winner with \$500, a first prize winner with \$300, and a second prize winner with \$200.

## FOR THE COMMUNITY

### Social Expansion

- **By expanding our community ties** through Facebook, Instagram, Twitter, LinkedIn, and YouTube, we've made it easier for members and those in our community to learn more about PFCU and stay up to date on various promotions and seminars throughout the year.
- Our intentional online presence has benefited our social growth with a consistent **increase in Facebook fans and Instagram, Twitter, LinkedIn, and YouTube followers**.

**Community events** – We hosted several free Shredding Day events at our Operations Center and Bloomsburg branch, and have the privilege of being the Official Credit Union of Temple University through our sponsorship of Temple University Athletics.

**Employee/volunteer-sponsored event** – This year's PFCU employee and volunteer sponsored event was Special People in the Northeast, Inc.'s Costume Dash 5K Virtual Run/Walk event, which resulted in a great turnout for a great cause.

**Season of Giving** – We believe every season is a season for giving, so in keeping with past year traditions, we continued our annual Season of Giving campaign for 2021. Since March 2020, school-aged children have shown flexibility, strength, and resilience. With these children in mind, PFCU partnered with Episcopal Community Services' (ECS) Out of School Time program (OST). This afterschool enrichment program offers project-based learning and 21st Century skills for kids in elementary and middle grades. OST's daily activities benefit youth, but at its core, OST brings families together and serves as a resource for the neighborhood. PFCU donated \$6,000 to purchase Christmas gift cards for 600 children in its afterschool enrichments and mentorship programs.

**Local donations** – The heart of the credit union philosophy is "people helping people," and each year PFCU strives to find ways to implement this philosophy in a tangible way by making a greater impact on our members and communities. In 2021, PFCU helped and supported our communities by making over \$40,000 in donations to Philadelphia organizations, including Beyond Literacy, DePaul USA, and the Salvation Army, all of which continued to provide essential services to people in need in our community.

The successes of 2021 would not be possible without the dedication of our staff and management. We would like to thank the Board and the Supervisory, Loan Review, and Nominating committees for their support and guidance, as well as our extraordinary group of employees who continued to serve the membership wholeheartedly throughout these evolving times.

Most importantly, thank you to our members. We truly appreciate your support, confidence, and the trust you continue to place in Philadelphia Federal Credit Union to partner with you as your financial institution. It is an honor to stand by your side.

**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, 2021 and 2020, 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, 2021 and 2020, 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 2021	September 2020	Net Change 2021-2020	% Change
<b>ASSETS</b>				
Cash and cash equivalents	\$ 383,181,209	\$ 311,803,637	\$ 71,377,572	18.63%
Investment Securities (Available for Sale)	339,386,126	276,411,009	62,975,117	18.56%
Loans Receivable	778,269,310	742,127,371	36,141,939	4.64%
Allowance for Loan Losses	(4,390,337)	(13,558,059)	9,167,722	-208.82%
Accrued Interest Receivable	2,841,063	2,963,424	(122,361)	-4.31%
Premises & Equipment	12,769,086	14,096,271	(1,327,185)	-10.39%
Restricted Stock - FHLB Pittsburgh	615,500	415,500	200,000	32.49%
Prepaid Expense and Other Assets	37,875,650	19,508,634	18,367,016	48.49%
Prepaid Pension Obligation	50,579,244	42,706,610	7,872,634	15.56%
Insurance Funding Receivable	24,294,750	23,679,534	615,216	2.53%
Other Real Estate Owned	0	1,723,210	(1,723,210)	0.00%
NCUSIF Deposit	13,545,133	11,775,698	1,769,435	13.06%
<b>Total Assets</b>	<b>\$ 1,638,966,734</b>	<b>\$ 1,433,652,839</b>	<b>\$ 205,313,895</b>	<b>14.32%</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
Accounts Payable & Accrued Expense	\$ 4,337,019	\$ 4,197,855	\$ 139,164	3.21%
Advance Payments by Borrowers for Taxes & Ins	2,048,368	1,775,942	272,426	13.30%
Borrowings	0	0	0	0%
Other Liabilities	821,356	384,799	436,557	53.15%
<b>Total Liabilities</b>	<b>7,206,743</b>	<b>6,358,596</b>	<b>848,147</b>	<b>13.34%</b>
<b>EQUITY</b>				
Shares	1,244,396,929	1,055,405,257	188,991,672	15.19%
Certificates	205,028,314	213,368,181	(8,339,867)	-4.07%
<b>Total Shares</b>	<b>1,449,425,243</b>	<b>1,268,773,438</b>	<b>180,651,805</b>	<b>14.24%</b>
Regular Reserves	4,172,269	4,172,269	0	0.00%
Undivided Earnings	177,926,251	174,810,863	3,115,388	1.75%
Unreal Gain/Loss-Invest.-Pension FAS158	(16,062,301)	(24,003,566)	7,941,265	-49.44%
Unreal Gain/Loss-Invest.	(3,317,352)	425,851	(3,743,203)	112.84%
Net Income/Loss	19,615,881	3,115,388	16,500,493	84.12%
<b>Total Equity</b>	<b>182,334,748</b>	<b>158,520,805</b>	<b>23,813,943</b>	<b>15.02%</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$ 1,638,966,734</b>	<b>\$ 1,433,652,839</b>	<b>\$ 205,313,895</b>	<b>14.32%</b>

## INCOME & DISTRIBUTION

	September 2021	September 2020	Net Change 2021-2020	% Change
<b>INCOME</b>				
Interest on Loans	\$ 41,177,165	\$ 42,144,441	\$ (967,276)	-2.30%
Investment Income	2,860,223	4,263,854	(1,403,631)	-32.92%
Fee Income	21,541,412	18,784,251	2,757,161	14.68%
Gain on Sale of Premises	5,089	17,858	(12,769)	-71.50%
Gain on Sale of Loans	0	211,214	(211,214)	-100.00%
Other Income	1,806,059	1,298,882	507,177	39.05%
<b>Gross Income</b>	<b>\$ 67,389,948</b>	<b>\$ 66,720,500</b>	<b>\$ 669,448</b>	<b>1.00%</b>
<b>Distribution of Income</b>				
Dividends to Members	\$ 4,465,381	\$ 6,730,246	\$ (2,264,865)	-33.65%
Interest on Borrowed \$\$\$	0	0	0	0.00%
Provision Loan Losses	(593,517)	11,695,540	(12,289,057)	-105.07%
Operational Expenses	43,799,396	44,672,437	(873,041)	-1.95%
Non-Operational Expenses	102,807	506,889	(404,082)	-79.72%
Undivided Earnings	19,615,881	3,115,388	16,500,493	529.64%
<b>Total Distribution</b>	<b>\$ 67,389,948</b>	<b>\$ 66,720,500</b>	<b>\$ 669,448</b>	<b>1.00%</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**  
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### 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

2021 proved to be a difficult year on many fronts, yet due to the extraordinary efforts of our staff and volunteers, I am pleased to report that Philadelphia Federal Credit Union remained financially strong regardless. Despite the ongoing pandemic and the resulting economic challenges felt around the world, PFCU continued in a pattern of consistent growth in assets, equity, and income – a feat which exemplifies the power of the cooperative.

Experiencing a significant 14.32 percent (14.32%) increase over the previous year, we ended 2021 with assets totaling \$1,638,966,734. In addition, we closed the year out with member shares reaching a total of \$1,244,396,929, an increase of 15.19% from 2020. Loan growth increased from \$742,127,371 to \$778,269,310, a 4.64% increase, while net income increased by 84.12% to \$19,615,881. This sustained growth resulted in \$4,465,381 in dividends being paid out to our members.

In summary, the strong commitment and expertise of our Board of Directors, Committees and our professional management team ensures that Philadelphia Federal Credit Union remains a strong financial institution. We will remain vigilant representatives of our members' interests, ensuring PFCU's financial soundness, as your credit union continues to provide you and your family with the highest level of member service. It is our pleasure to serve the fellow member-owners of this 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 2021 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

