

# 2022 ANNUAL REPORT



# Joint Letter from the Chairman and President

Once again we want to thank you for choosing Police FCU as your financial partner. We know you have many options when it comes to managing your family's financial affairs and we appreciate your decision to share that tremendous responsibility with us.

Police FCU is a non-profit, member-owned financial institution founded by police to help police. We are the only federal credit union in the Washington DC area dedicated exclusively to serving the law enforcement community and their families. As a member of Police FCU, you don't just get an account—you own a little piece of the credit union. The profits we make are distributed to you -the member/owner- through monthly dividends paid on your investments or lower interest rates on loans you obtain from Police FCU.

Police FCU closed 2022 with a year-over-year decline in total assets of \$6.9 million or 3.9 percent. Over the year, total share deposit balances declined at a rate of 3.6 percent or \$5.5 million. Share draft (Checking) balances increased by \$994 thousand or 4.7 percent from 2021. Due to the decrease in deposits and net income, the credit union's net worth increased to 13.93 percent from 12.78 percent in 2021. The cost of funds increased over the past year. Police FCU dividend rates continue to remain prominently higher than similarly regulated financial institutions in this region. The dividend return on member deposits was higher than the national average for our peer-sized credit unions in 2022 (.55 percent versus .31 percent).

Our total loan portfolio increased by over 10 percent or \$10.5 million year over year although; real estate lending continued its growth by increasing by 10.3 percent or \$6.6 million in 2022. The low-interest rate environment continued to propel the refinancing boom. Over \$12 million of first mortgages were closed during this past year; on par with 2021. Consumer loans paid down balances and new loan demand increased as economic conditions provided borrowing opportunities in 2022. Though interest rates are increasing from historic lows, loan demand is expected to remain strong.

In September 2022, Tim Doyle joined Police FCU as President and CEO, with nearly 30 years of finance and technology experience. He has a proven track record in the reorganization of teams and reengineering systems, and his leadership has been instrumental in driving our credit union to new heights. Under Mr. Doyle's leadership, we have launched a Membership Growth Initiative Committee to oversee service quality, delivery channels, improve member experience, and offer innovative and rewarding products and services to our membership.

We continue to focus on improving our operational efficiency and digital capabilities. In 2022, we launched several new technology upgrades. These efforts have resulted in an increase in online banking transactions by 11 percent, while branch visits remain consistent with pre-pandemic levels.

- Increased staffing at our call center to improve response time
  - Increased staffing at the MD branch to improve service delivery
  - Re-opened the Academy branch for service, 3-day per week
  - DC branch expected to open Fall 2023
  - System hardware and software upgrades
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We remain committed to sound risk management practices and maintaining a strong risk culture. Our credit quality remained strong, with a delinquency ratio below 1 percent. We also continue to invest in cybersecurity, with the implementation of advanced security measures to protect our members' data.

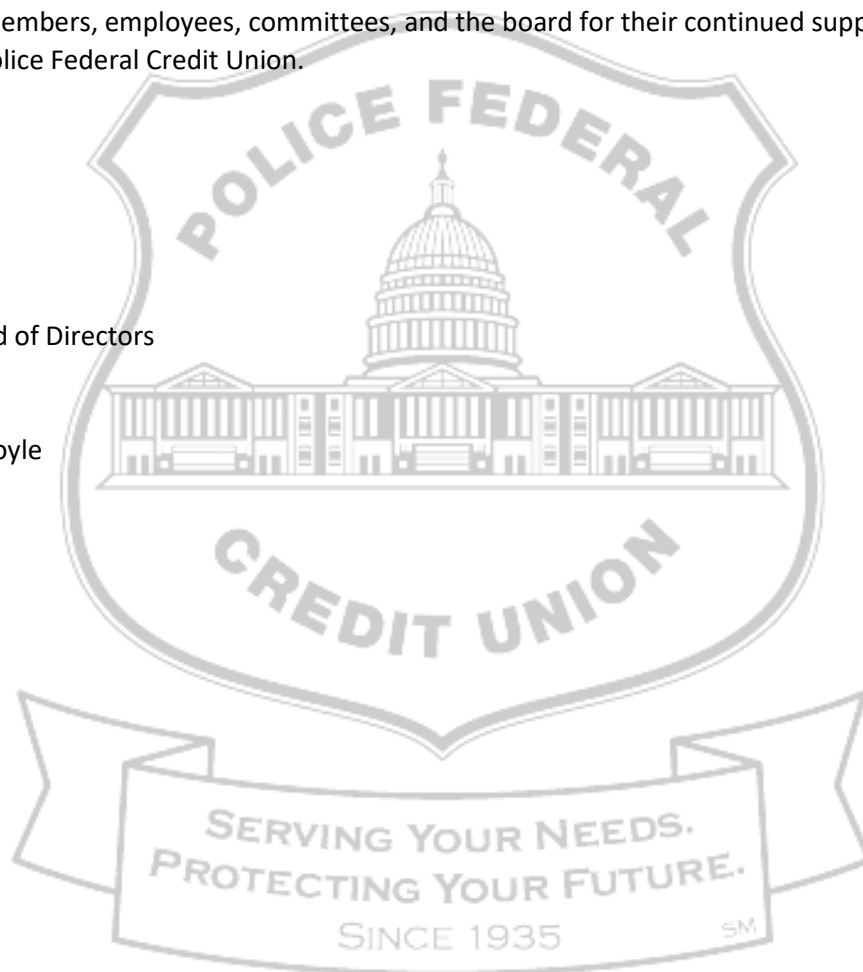
We are committed to making a positive impact in the communities we serve. In 2022, the credit union donated approximately \$10,000 to various law enforcement charitable organizations, including those focused on assisting the fallen officer's families. Police FCU's Line of Duty Death Protection program protects 886 active duty officers' loan accounts. The Line of Duty Death protection pays up to \$850,000 in outstanding loans if an officer is killed in the line of duty; there is no cost to the officer or their family.

We thank our members, employees, committees, and the board for their continued support and dedication to Police Federal Credit Union.

Respectfully,

Danny C. Gregg  
Chairman, Board of Directors

Francis "Tim" Doyle  
President/CEO



# Treasurer's Report

The Police Federal Credit Union is required to submit a comprehensive financial report to the National Credit Union Administration (NCUA) following the closeout of each quarter of a calendar year. The NCUA uses these financial reports to compare the performance of the credit unions in relation to industry standards and the credit union's respective asset-sized peer groups. I am once again proud to report that Police FCU ended 2022 with a net worth ratio to total assets well above the regulatory 6.00 percent. At year-end, the net worth of Police FCU represents 13.93 percent of total assets thereby once again earning the distinction of a "well capitalized" financial institution.

Police FCU ended 2022 with total shares at \$148,615,000; total loans at \$114,340,000, (with an allowance for future loan losses at \$1,560,000); and total investments at \$41,724,000. Police FCU ended 2022 with over \$170 million in assets. Our net income for 2022 was \$1,022,949, and our reserves and undivided earnings were a very strong \$23,766,000.

The Police FCU loan portfolio experienced a 10.20 percent increase over the prior year fueled by a continued strong real estate demand. We were able to maintain an increase even with the Federal Reserve continuing to raise rates throughout 2022.

At year-end, our cost of funds (dividends paid) to average assets was 0.55 percent whereas the national average of our peer group paid was 0.31 percent. The additional 24 basis points paid to the Police FCU membership, in the form of dividends, is about \$229,000. Despite a higher cost of funds, Police FCU's overall net operating expense to average asset ratio was 1.94 percent, well below the peer group of credit unions that registered a net operating expense of 2.63 percent.

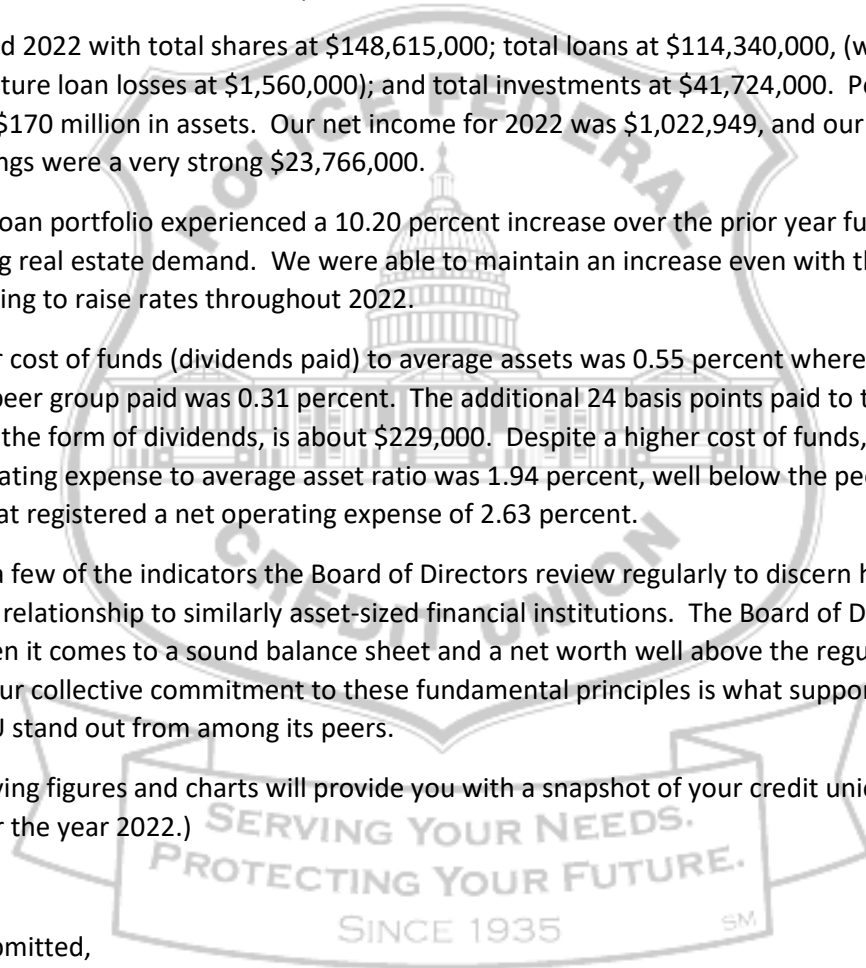
Herein are just a few of the indicators the Board of Directors review regularly to discern how Police FCU is performing in relationship to similarly asset-sized financial institutions. The Board of Directors is unrelenting when it comes to a sound balance sheet and a net worth well above the regulatory requirement. Our collective commitment to these fundamental principles is what supports the effort to make Police FCU stand out from among its peers.

(The accompanying figures and charts will provide you with a snapshot of your credit union's performance for the year 2022.)

Respectfully Submitted,

**Alfonza Kelly**

Treasurer, Board of Directors



# Supervisory Committee Report

The Supervisory Committee, created under the Federal Credit Union Act and appointed by the Board of Directors, operates independently on behalf of Police Federal Credit Union members to assure the financial integrity of the credit union. The Committee is responsible for ensuring credit union compliance with the Credit Union Act, the Credit Union bylaws and related policies and procedures, and the regulations of the National Credit Union Administration. In addition, the Supervisory Committee serves as your representative and the official auditor of Police Federal Credit Union.

One of the primary duties of the Supervisory Committee is to ensure an independent financial audit and a verification of member accounts are completed annually. To fulfill this obligation, the Supervisory Committee in 2022 contracted with the auditing firm CliftonLarsonAllen to perform financial audits following generally accepted accounting standards. At the writing of this report, CliftonLarsonAllen's financial audit is in progress and has not been completed.

Along with the Board of Directors, our mutual goal is for all Police FCU members to receive quality service professionally. The credit union's service standards serve as a benchmark by which you can measure staff performance. *Should you find an error or experience a problem of any kind with your financial statements or with services provided to you by the credit union or its staff, we encourage you to write the Supervisory Committee at the following address:*

**Supervisory Committee**  
**P.O. BOX 471293**  
**District Heights, MD 20747**

The Committee appreciates the cooperation and support of management and staff during the past year, and we look forward to continuing our work on behalf of the membership in 2023.

Respectfully Submitted,

**George Hill, II**  
Chairman, Supervisory Committee

SERVING YOUR NEEDS.  
PROTECTING YOUR FUTURE.  
SINCE 1935

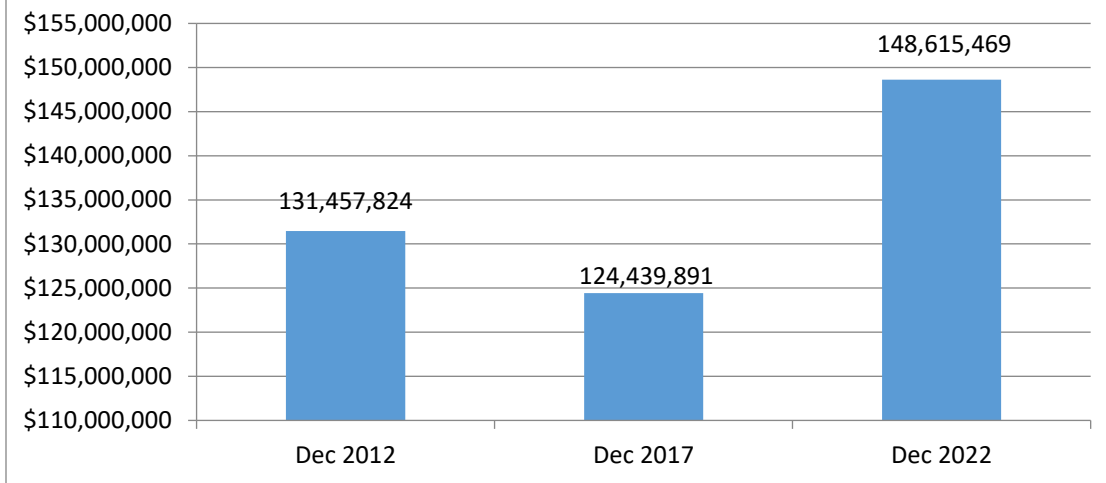
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**POLICE FEDERAL CREDIT UNION**  
**STATEMENT OF FINANCIAL CONDITION**  
*Ending December 31st (Unaudited)*

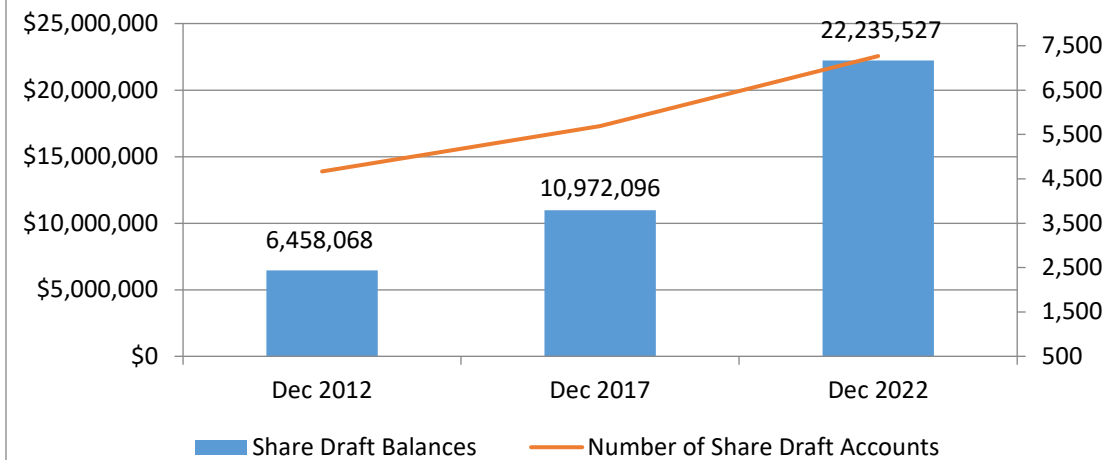
| <b>Assets:</b>   | <b>2022</b>           | <b>2021</b>           |
|--|-----------------------|-----------------------|
| Cash   | \$ 783,479            | \$ 15,125,971         |
| Loans (net of Allowance for Loan Loss)                   | 112,779,315           | 102,231,796           |
| Investments  | 41,724,409            | 43,712,521            |
| Prepaid Expenses   | 311,919               | 483,413               |
| Fixed Assets   | 6,699,235             | 6,671,607             |
| Accrued Income & Other Assets                            | 6,817,474             | 7,809,949             |
| <br>   |                       |                       |
| NCUA SIF   | \$ 1,471,872          | \$ 1,409,501          |
| <br>   |                       |                       |
| <b>Total Assets:</b>                                     | <b>\$ 170,587,704</b> | <b>\$ 177,444,757</b> |
| <br>   |                       |                       |
| <b>Liabilities &amp; Equity:</b>                         |                       |                       |
| Accounts Payable/Other                                   | \$ 3,190,198          | \$ 653,191            |
| Dividends Payable  | 90,839                | 79,103                |
| Regular/Draft Shares/CD/Money Market Funds               | 148,615,469           | 154,124,543           |
| Reserve  | 3,707,139             | 3,707,139             |
| Undivided Earnings                                       | 20,058,886            | 19,035,937            |
| Accumulated Unrealized Gain/(Loss)                       | (5,074,827)           | (155,156)             |
| <br>   |                       |                       |
| <b>Total Liabilities &amp; Equity:</b>                   | <b>\$ 170,587,704</b> | <b>\$ 177,444,757</b> |
| <br>   |                       |                       |
| <b>Income &amp; Expenditures:</b>                        |                       |                       |
| Operating Income   | \$ 7,334,913          | \$ 6,734,316          |
| Dividends Paid   | (965,105)             | (1,106,185)           |
| Operating Expense  | (5,349,523)           | (4,855,456)           |
| Provision for Loan Losses                                | (141,838)             | (104,188)             |
| <br>   |                       |                       |
| <b>Net Income/(Loss) Before<br/>Non-Operating Income</b> | <b>\$ 878,447</b>     | <b>\$ 668,487</b>     |
| <br>   |                       |                       |
| <b>Non Operating Income</b>                              | <b>\$ 144,502</b>     | <b>\$ (619,648)</b>   |
| <br>   |                       |                       |
| <b>Net Income/(Loss):</b>                                | <b>\$ 1,022,949</b>   | <b>\$ 48,839</b>      |

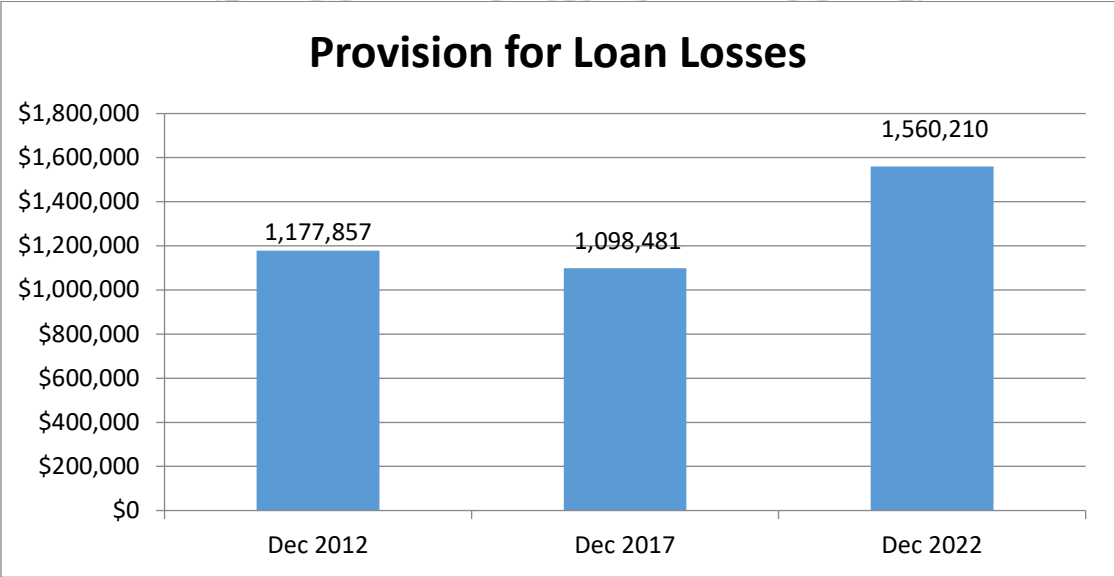
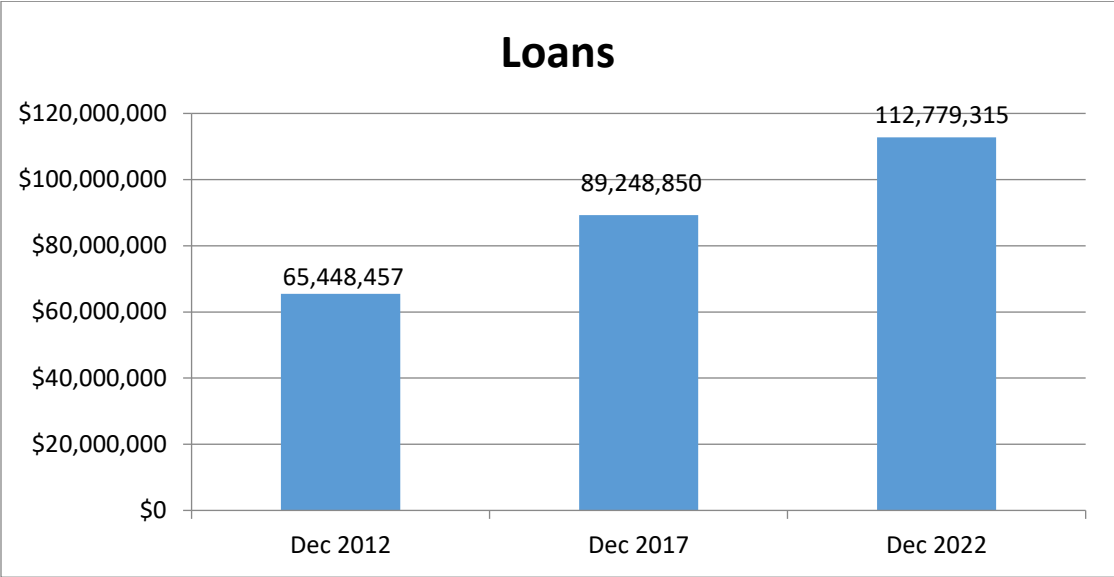
*If you desire more detailed information, a copy of the credit union's audited financial statement is available for inspection in our main office during regular business hours.*

## Shares



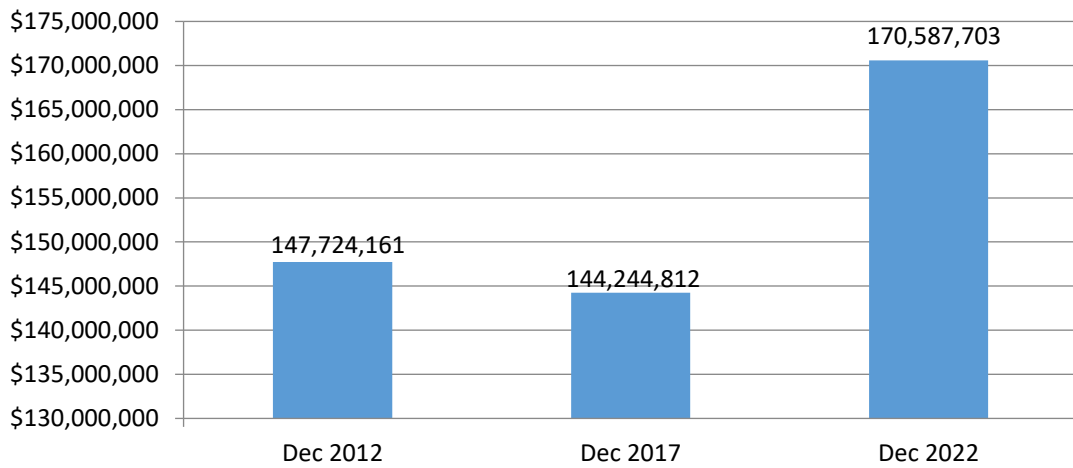
## Share Draft (Checking)



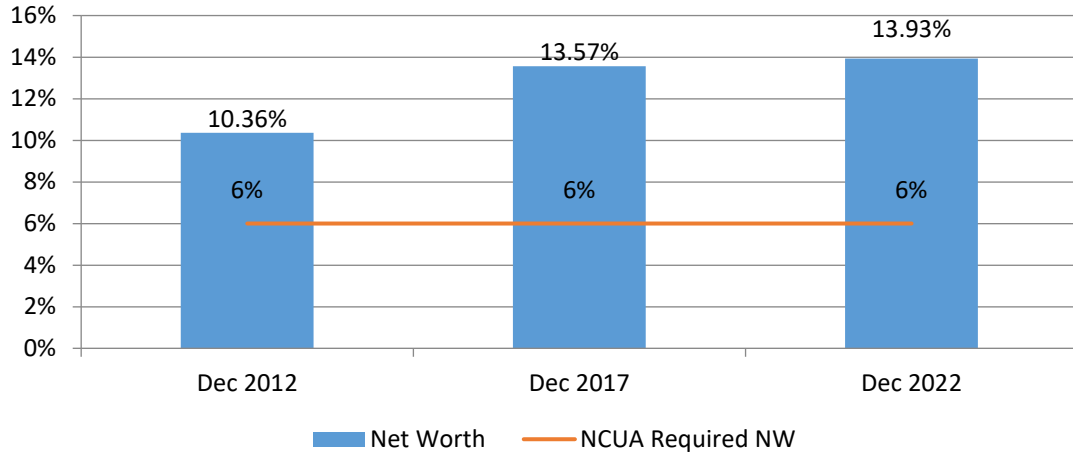




## Assets



## Net Worth



**BOARD OF DIRECTORS**

Danny C. Gregg, Chairman  
Robert V. Boggs, Vice Chairman  
Alfonza Kelly, Treasurer  
Anthony J. Medoro, Secretary  
Henry C. Banks, Director  
Junis T. Fletcher, Director  
George Hill II, Director  
Joseph C. Akers, Director Emeritus  
Clay W. Goldston, Director Emeritus  
Gary W. Hankins, Director Emeritus

**LOAN REVIEW COMMITTEE**

(appointed by the Board of Directors)  
Jenny McIntire, Chair  
Stanley Organ, Member  
Robert Short, Member

**SUPERVISORY COMMITTEE**

(appointed by the Board of Directors)  
George Hill II, Chairman  
Will Goodwin, Member  
Ronald Oliver Jr., Member  
Kevin O’Bryant, Member

**PRESIDENT/CHIEF EXECUTIVE OFFICER**

Francis “Tim” Doyle

**Headquarters and Branch**

9100 Presidential Parkway  
Upper Marlboro, MD 20772

**Metropolitan Police Academy Branch**

4665 Blue Plains Dr. SW  
Washington, DC 20032

Telephone: 301-817-1200

Toll-Free: 877-ARU-PFCU

Website: [www.policefcu.com](http://www.policefcu.com)



Serving Your Needs. Protecting Your Future

