

2023 Balance Sheet & Income Statement



PicaCreditUnion.com
Serving Our Members for 85 Years
1939-2024

picatinny 
*federal credit union

Balance Sheet

as of December 31, **2023** **2022**

ASSETS

Cash and Cash Equivalents

Cash	\$1,319,299	\$1,213,881
Overnight Investments	1,748,304	2,161,889
Due From Financial Institutions	20,102,068	22,094,405
Total Cash & Cash Equivalents	\$23,169,671	\$25,470,175

Investments

Treasuries	\$62,832,560	\$73,007,323
Federal Agency Securities	23,098,775	33,852,776
Mortgage Backed Securities	63,460,154	74,186,548
Certificates of Deposit	20,000,000	19,250,000
Equity Investments	3,352,500	1,865,300
AFS Valuation Reserve	(5,856,816)	(9,577,521)
Total Investments	\$166,887,173	\$192,584,426

Loans

First Mortgage	\$123,044,097	\$117,555,102
Other Real Estate	57,473,883	47,721,482
New Vehicle	27,252,094	23,266,065
Used Vehicle	35,740,678	27,338,626
Share Secured	656,674	622,316
Credit Card	9,374,274	9,021,477
Other Unsecured	5,480,510	3,271,777
All Other	223,415	198,895
Gross Loans	\$259,245,625	\$228,995,740
Allowance for Loan Losses	(1,025,832)	(652,985)
Total Loans, Net	\$258,219,793	\$228,342,755

Other Assets

NCUA Insurance	\$3,673,945	\$3,905,347
Accrued Interest on Investments	549,096	620,555
Accrued Interest on Loans	695,894	518,753
Other Assets	2,593,928	1,617,577
Fixed Assets	7,506,806	6,715,643
Total Other Assets	\$15,019,669	\$13,377,875
Total Assets	\$463,296,306	\$459,775,231

LIABILITIES AND EQUITY

Deposit

Regular Shares	\$231,266,138	\$263,878,296
Share Drafts	82,536,417	89,342,176
Money Market	23,521,198	29,544,154
Share Certificates	36,660,741	27,349,102
IRA Shares	6,418,135	7,747,492
IRA Certificates	5,990,343	6,198,472
Total Deposits	\$386,392,972	\$424,059,692
Borrowings	\$38,000,000	\$5,000,000
All Other Liabilities	6,658,561	3,709,972
Total Liabilities	\$431,051,533	\$432,769,664

Equity

Regular Reserves	\$4,181,641	\$4,181,641
Undivided Earnings	33,919,947	32,401,446
Net Unrealized Loss on Investments AFS	(5,856,815)	(9,577,520)
Total Equity	\$32,244,773	\$27,005,567
Total Liabilities & Equity	\$463,296,306	\$459,775,231

Income Statement

as of December 31, **2023** **2022**

INTEREST INCOME

Interest on Overnight Investments	\$20,215	\$32,971
Interest on Other Investments	4,779,670	3,839,870
Interest on Loans	10,300,058	7,189,200
Total Interest Income	\$15,099,943	\$11,062,041

INTEREST EXPENSE

Deposits	\$1,292,393	\$761,486
Borrowings	1,152,643	-
Total Interest Expense	\$2,445,036	\$761,486
Net Interest Income	\$12,654,907	\$10,300,555
Provision for Loan Losses	(293,000)	(58,200)
Net Interest Income After Provision for Loan Losses	\$12,361,907	\$10,242,355

NON-INTEREST INCOME

Fee Income	\$388,583	\$333,453
Other Operating Income	2,731,668	2,544,128
Loss on Sale of Investments	(5,000)	-
(Loss) Gain on the Sale of Loans	(18,338)	17,978
Gain on Disposition of Assets	-	26,900
Loss on Sale of REO	(5,434)	(49,205)
Total Non-Interest Income	\$3,091,479	\$2,873,254

NON-INTEREST EXPENSE

Salaries	\$5,393,207	\$4,267,779
Benefits	1,453,234	1,191,541
Travel & Conference	37,932	32,184
Office Occupancy	651,308	680,921
Office Operations	3,598,966	3,019,058
Marketing	553,521	441,521
Loan Servicing	698,074	720,040
Outside Services	1,072,082	749,201
NCUA Insurance and Operating	75,748	73,240
Other Operating	193,813	62,998
Total Non-Interest Expense	\$13,727,885	\$11,238,483
Net Income	\$1,725,501	\$1,877,126

Supervisory Committee Message

The Picatinny Federal Credit Union (PFCU) Supervisory Committee is statutorily regulated and is responsible for ensuring that the Board of Directors and Management of the Credit Union meet required financial reporting objectives and establish practices and procedures to safeguard members' assets.

As part of our duties, we have contracted with the CPA firm Nearman, Maynard, Vallez, CPAs to perform the certified annual and CliftonLarsonAllen LLP to perform the internal audit procedures.

These audits include operational policies, procedures, and internal controls of the Credit Union. After careful reviews of all audit reports, the Supervisory Committee concludes that the Credit Union is financially sound and has complied with all Generally Accepted Accounting Principles and applicable Federal and State regulations.

Ray Rokicki
Supervisory Committee Chairperson

Letter from the COO & Chairman

Dear Member,

2023 was a challenging year for the banking industry. There were several big banks that failed, and we saw interest rates climb throughout the year. Your credit union navigated through the uncertainty and had another successful year. We added and upgraded products, services, and systems and at the same time expanded our field of membership (who is eligible to join our credit union). We also began the challenging task of finding a new core banking platform which is the heart of our automated processing system that integrates all of our banking functions and connects transactions and automated technology. We also searched for new solutions for our debit and credit card systems and digital channels. While doing this, we grew our membership and loan portfolio and increased our capital.

At the beginning of the year, we started a project to enhance our online loan application process. While we have had an online application since 2017, we knew that it was not as user friendly as we wanted it to be, and our members deserved better. In March, we rolled out the new system, which is responsive to all personal devices. Members can now apply for loans on their cellphone, tablet, or laptop and have the same experience. We continue to have automated decisioning on certain loans as well, so you can apply and receive a decision within minutes. This convenient process has added efficiencies for our members and employees, and we have received a very positive response about the upgrade from our members.

Not only was the loan application process enhanced, but we also strengthened our online account opening process. Online account opening has continuously expanded and grown easier throughout the years. We knew we needed to enhance our technology to keep it current. We had a successful rollout of our new account workflow in September. New and existing members can now easily open a new membership or account without ever having to visit a branch.

In July, we introduced two new higher yielding share certificates, one for 13 months and one for 30 months. Whether you want to earn more interest in the short term or longer term, there are now more options available. Other solutions that we started in 2023 include a secured credit card, contactless or tap to pay debit and credit cards, and an enhanced online banking experience. Be on the lookout for these products and services to roll out in the very near future.

We are very excited to announce our field of membership expansion into Essex, Union, and Somerset Counties. This expansion was approved by the National Credit Union Administration (NCUA) at the end of June. Now, anyone who lives, works, worships, or attends school in any of these counties along with Morris County, can take advantage of the benefits of membership. With this expansion, there is a population of 2.5 million people who can join Picatinny Federal Credit Union. With all our upgraded digital services, it is convenient for anyone in this field of membership to open an account, apply for a loan, and perform financial transactions. This year, we will be expanding our marketing and community outreach to our newly expanded charter. If you have friends and family who live in these areas, please spread the word. One of the best ways for us to grow is through member referrals, and we have some great incentives for our current

members as well as new members. Please visit our website or call and speak to a Member Experience Professional for all the details on these referral programs.

We have been using our current core processing system for over 25 years. While the system has been upgraded several times, it is still built on old technology. There are many other systems available now with better operating hardware and software, more user-friendly workflows, and less overall expense. Many of these systems offer an all-in-one approach where we can perform almost all our daily functions with one log-in to one system. Today, we are using multiple systems to get the job done. We started the search process for a new core processing system in January 2023 and hope to be able to choose our finalist by the end of June 2024. This search included attending vendor conferences, on-site demonstrations, and referral calls with current clients. There was also an intense scoring process where our team reviewed responses to over a thousand questions, evaluated the answer, and provided a score. This extensive search process allowed our teams to examine the best solutions for our members and employees for all the different touch points. It has been a time-consuming project for our staff, but we want to make sure we are selecting the best in class that will take us many years into the future. We will also be evaluating online banking providers as well as debit and credit card vendors that work with the core provider that is chosen. Once we select our core provider, it will take a few years to prepare for the conversion. Our plan is to convert in the summer of 2026. Detailed communications will be sent to all members well in advance to prepare for the changes.

In addition to these initiatives, we are also working on establishing a Contact Center, renovating our Mt. Olive, Denville, and Arsenal branches, and upgrading our online mortgage application process. It is an exciting time at PFCU and our teams are busy setting the stage for future growth and expansion. Everything we do has our member's best interest in mind as we always strive to provide products and services that help them achieve their goals and realize their dreams.

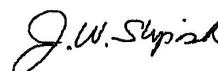
Some of our financial successes in 2023 include welcoming 2,355 new members, booking 1,841 new loans totaling \$68.2 million, and having a net income of \$1.7 million. This led us to growing membership by 929, growing loans by \$30 million, and continuing to be a well-capitalized financial institution with a capital ratio of 8.22%. We could not achieve these results without our members, so we thank you for your continued loyalty and support.

This year, we celebrate 85 years serving our members. In 1939, we started with one small office at Picatinny Arsenal, and today we have five branches throughout Morris County. Through the years, we have continuously grown our member base, introduced new products and services, and enhanced technology. We continue to look for ways to strengthen our offerings so that we can be the financial institution of choice in the communities we serve. We look forward to celebrating this milestone anniversary with special offerings and events throughout the coming year.

Rob Albrecht
Chief Operations Officer



Joe Shiposh
Chairman of the Board



BOARD OF DIRECTORS

Chairman Joe Shiposh
Vice Chairperson Nancy Mueller-Davis
Treasurer Jay Decker
Secretary Leon Moreau, IV
Director Dino Cappello
Director Joe Carroll

BOARD OF DIRECTORS (continued)

Director Valerie Morgan
Director Ray Rokicki
Director Dan Mathews

SUPERVISORY COMMITTEE

Committee Chairman Ray Rokicki
Committee Member Frank Cautero
Committee Member Dominick Moreo
Committee Member Lawrence Pinder
Committee Member Rudolph Sabatino

MISSION

Caring about our family of members by offering financial solutions to help them achieve their goals and realize their dreams.

Branches & Locations

Denville Branch M, T, TH, F 9:00AM - 5:00PM
340 E. Main Street W 10:00AM - 5:00PM
Denville, NJ 07834 Sat 8:30AM - 12:00PM
ATM (Drive Up)

Rockaway Branch M, T, TH, F 9:00AM - 5:00PM
100 Mineral Springs Drive W 10:00AM - 5:00PM
Dover, NJ 07801 Sat 8:30AM - 12:00PM
ATM

Mt. Olive Branch M, T, TH, F 9:00AM - 5:00PM
10 International Drive South W 10:00AM - 5:00PM
Flanders, NJ 07836 Sat 8:30AM - 12:00PM
ATM (Drive Up)

Parsippany Branch M, T, TH, F 9:00AM - 5:00PM
200 Baldwin Road W 10:00AM - 5:00PM
Parsippany, NJ 07054 Sat 8:30AM - 12:00PM
ATM

Arsenal Branch M, T, TH, F 8:00AM - 4:00PM
Building 30 South W 10:00AM - 4:00PM
Picatinny Arsenal, NJ 07806 ATM

