

2022 Balance Sheet & Income Statement



Balance Sheet

as of December 31, **2022** **2021**

ASSETS

Cash and Cash Equivalents

Cash	\$1,213,881	\$1,385,979
Overnight Investments	2,161,889	4,635,066
Due From Financial Institutions	22,094,405	117,988,875
Total Cash & Cash Equivalents	\$ 25,470,175	\$ 124,009,920

Investments

Treasuries	73,007,323	36,005,448
Federal Agency Securities	33,852,776	52,363,061
Mortgage Backed Securities	74,186,548	29,261,941
Certificates of Deposit	19,250,000	20,499,000
Equity Investments	1,865,300	1,868,900
AFS Valuation Reserve	(9,577,521)	359,539
Total Investments	\$ 192,584,426	\$ 140,357,889

Loans

Credit Card	9,021,477	8,713,998
Other Unsecured	3,271,777	3,449,604
Share Secured	622,316	658,388
New Vehicle	23,266,065	15,205,893
Used Vehicle	27,338,626	21,252,247
First Mortgage	117,555,102	98,329,742
Other Real Estate	47,721,482	34,086,100
All Other	198,895	156,290
Gross Loans	\$ 228,995,740	\$ 169,030,272
Allowance for Loan Losses	(652,985)	(576,788)
Total Loans, Net	\$ 228,342,755	\$ 168,453,484

Other Assets

NCUA insurance	3,905,347	3,715,285
Accrued Interest on Investments	620,555	421,792
Accrued Interest on Loans	518,753	320,830
Other Assets	1,617,577	1,216,578
Fixed Assets	6,715,643	6,917,880
Total Other Assets	\$ 13,377,875	\$ 12,592,365
Total Assets	\$ 459,775,231	\$ 445,413,658

LIABILITIES AND EQUITY

Deposit

Regular Shares	\$263,878,296	\$266,155,327
Share Drafts	89,342,176	82,064,231
Money Market	29,544,154	27,261,050
Share Certificates	27,349,102	30,673,171
IRA Shares	7,747,492	7,199,001
IRA Certificates	6,198,472	7,235,284
Total Deposits	\$ 424,059,692	\$ 420,588,064
All Other Liabilities	\$ 8,709,972	\$ 2,582,084
Total Liabilities	\$ 432,769,664	\$ 423,170,148

Equity

Regular Reserves	4,181,641	4,181,641
Undivided Earnings	32,401,446	30,524,320
Net Unrealized Loss on Investments AFS	(9,577,520)	359,539
Total Equity	\$ 27,005,567	\$ 35,065,500
Total Liabilities & Equity	\$ 459,775,231	\$ 458,235,648

Income Statement

as of December 31, **2022** **2021**

INTEREST INCOME

Interest on Overnight Investments	\$32,971	\$629
Interest on Other Investments	3,839,870	2,206,393
Interest on Loans	7,189,200	6,570,392
Total Interest Income	\$ 11,062,041	\$ 8,777,414

Total Interest Expense	\$ 761,485	\$ 966,000
Net Interest Income	\$ 10,300,556	\$ 7,811,414
Provision for Loan Losses	(58,200)	-
Net Interest Income After Provision for Loan Losses	\$ 10,242,356	\$ 7,811,414

NON-INTEREST INCOME

Fee Income	333,453	277,801
Other Operating Income	2,544,128	4,306,076
Gain on the Sale of Loans	17,978	96,324
Gain on the Sale of Investments	26,900	-
Loss on Sale of REO	(49,205)	-
Total Non-Interest Income	\$ 2,873,254	\$ 4,680,201

NON-INTEREST EXPENSE

Salaries	4,267,779	3,387,261
Benefits	1,191,541	1,034,687
Travel & Conference	32,184	1,587
Office Occupancy	680,921	630,925
Office Operations	3,019,058	2,418,243
Marketing	441,521	373,196
Loan Servicing	720,040	484,555
Outside Services	749,201	617,334
NCUA Insurance and Operating	73,240	82,177
Other Operating	62,998	24,443
Total Non-Interest Expense	\$ 11,238,483	\$ 9,054,408
Net Income	\$ 1,877,127	\$ 3,437,207

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 CEO & Chairman

Dear Member,

Picatinny Federal Credit Union continues to be the best financial institution for our members and provides excellent member service. You told us this when we conducted our member survey during the Summer of 2022. Your credit union scored higher than the norm in Morris County for Overall Satisfaction and Customer Service and received an "A" rating for both. The work we have continued to do over the past several years to improve our products, services and delivery has been successful, and we thank you, our loyal members, for the feedback that was provided during the survey.

There were also several suggestions that we received from the survey, and we went right to work to incorporate those into our Strategic Plan. PFCU Management and the Board of Directors have developed a five-year strategic plan. The themes guiding us are Transition, Foundations, Expansion, Execution, and Acceleration.

2022 was a year of transition as the credit union looked within. We reviewed our systems, operations, branches, and infrastructure. We want to ensure we offer our members and employees the best in class.

We hired a Chief Lending Officer to improve our lending operations and member experience. One area we sought to improve was our loan application process. We wanted to provide a frictionless, seamless, and conversation-style application process. Our new loan application process, launched in March '23, does just that with the added ability to send text messages, upload documents, and use a more functional electronic signature.

We improved and upgraded our headquarters space in Rockaway. We redesigned the area to accommodate more employees. This will allow for the credit union's growth as we continue to enhance and develop financial products and services for the membership.

Safety and security are always top concerns. We hired a Director of Information Technology who has the expertise needed to make sure we continue to deploy the best solutions to keep your information safe and secure. Technology is ever-changing, and our focus in the next couple of years is to make sure our members have the best technology available to them.

We also added some additional services in 2022. One that you have been asking for, investment advisory services, and another that is a

great benefit that helps to save money and time in the home buying process.

The Credit Union has partnered with Lifelong Investments to provide our members with the opportunity to utilize financial planning services. At Picatinny, caring about our family of members by offering financial solutions to help you achieve your goals and realize your dreams is mission critical. Whether you're just starting out or a seasoned investor, our goal is to provide you with a trusted advisor to help guide you. Lifelong Investments can provide PFCU members with a personal financial plan.

We have also partnered with HomeAdvantage® to offer our members an exclusive realtor network program. You now have access to online tools to search for homes, research neighborhoods, and find a local, expert real estate agent from the network of over 850 real estate agents nationwide. When you work with an agent in the HomeAdvantage® network, you earn Cash Rewards when you close. On average, members earn \$1,900 in Cash Rewards. Buy and sell and you'll receive two Cash Rewards!

With this partnership, we will also be offering our real estate products beyond New Jersey and Pennsylvania, so that more members can take advantage. Starting April 1st, you'll be able to use Picatinny to finance your home in Delaware, Maryland, Washington DC, Virginia, North Carolina, South Carolina, Georgia and Florida.

We are excited to let you know about these improvements and new offerings and also want to let you know that your credit union continues to be financially sound. Our capital position remains strong, and we ended the 2022 year at \$459M in assets. We were able to help our members with loans as we saw an increase of \$47M over last year. We had a Net Income of \$1.8M.

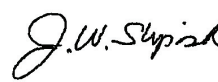
We want to thank all of you, our members, for your continued loyalty and support. We look forward to a long and personally rewarding future together.

Very Truly Yours,

Tony Molina
President & CEO



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 Joe Carroll

BOARD OF DIRECTORS (continued)

Director Anthony Hawthorne
Director Valerie Morgan
Director Ray Rokicki

CREDIT UNION CEO

President & CEO Tony Molina

SUPERVISORY COMMITTEE

Acting 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

