

# 2015 | BALANCE SHEET & INCOME STATEMENT

*Continuing to grow to meet the needs of our members and the community*



## Balance Sheet

as of December 31,	2015	2014
<b>ASSETS</b>		
<b>Cash and Cash Equivalents</b>		
Cash	5989,151	\$1,074,343
Overnight Investments	903,762	2,604,586
Due from Financial Institutions	16,555,150	15,151,625
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	<b>18,448,063</b>	18,830,554
<b>Investments</b>		
Federal Agency Securities	54,647,337	38,901,644
Mortgage Backed Securities	58,767,900	63,700,543
Certificates of Deposits	29,950,000	40,198,797
NCUA Insurance	2,621,157	2,606,771
Equity Investments	1,457,200	1,149,600
AFS Valuation Reserve	265,000	933,705
<b>TOTAL INVESTMENTS</b>	<b>147,708,594</b>	147,491,060
<b>Loans</b>		
Credit Card Loans	10,594,968	11,037,085
Other Unsecured Loans	5,371,986	5,571,456
Share Secured Loans	571,004	373,475
New Vehicle Loans	6,760,245	7,552,970
Used Vehicle Loans	13,612,669	13,339,470
First Mortgage Loans	49,555,905	40,864,538
Other Real Estate Loans	45,244,409	46,909,979
All Other Loans	273,881	274,783
<b>GROSS LOANS</b>	<b>131,985,067</b>	125,923,756
Allowance for Loan Losses	(1,007,457)	(1,191,601)
<b>TOTAL LOANS, NET</b>	<b>130,977,610</b>	124,732,155
<b>Other Assets</b>		
Accrued Interest on Investments	407,931	381,345
Accrued Interest on Loans	237,660	211,886
Other Assets	1,042,313	587,990
Fixed Assets	6,917,739	7,151,269
<b>TOTAL OTHER ASSETS</b>	<b>8,605,643</b>	8,332,490
<b>TOTAL ASSETS</b>	<b>\$305,739,910</b>	\$299,386,259
<b>LIABILITIES AND EQUITY</b>		
<b>Deposits</b>		
Regular Shares	5163,714,857	\$155,997,206
Share Drafts	46,325,410	44,947,315
Money Market Accounts	26,208,238	26,428,755
Share Certificates	25,457,571	27,433,241
IRA Shares	9,933,406	9,835,196
IRA Certificates	6,132,025	7,069,091
<b>TOTAL DEPOSITS</b>	<b>277,771,507</b>	271,710,804
All Other Liabilities	1,495,118	1,889,856
<b>TOTAL LIABILITIES</b>	<b>\$279,266,625</b>	\$273,600,660
<b>Equity</b>		
Regular Reserves	4,181,642	4,181,642
Undivided Earnings	22,026,643	21,669,078
Net Unrealized Gains on Investments AFS	265,000	933,704
Accumulated Other Comprehensive Income	—	(998,825)
<b>TOTAL EQUITY</b>	<b>26,473,285</b>	25,785,599
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$305,739,910</b>	\$299,386,259

## Income Statement

as of December 31,	2015	2014
<b>INTEREST INCOME</b>		
Interest on Overnight Investments	5397	\$640
Interest on Other Investments	1,865,116	1,831,226
Interest on Loans	5,630,677	5,392,429
<b>TOTAL INTEREST INCOME</b>	<b>7,496,190</b>	7,224,295
<b>TOTAL INTEREST EXPENSE</b>		
	718,013	679,981
<b>NET INTEREST INCOME</b>	<b>6,778,177</b>	6,544,314
Provision for Loan Losses	—	(311,000)
<b>NET INTEREST INCOME AFTER PROV FOR LOAN LOSSES</b>	<b>6,778,177</b>	6,233,314
<b>NON-INTEREST INCOME</b>		
Fee Income	370,510	389,483
Other Operating Income	1,625,806	1,488,844
Gain on the Sale of Investments	—	73,851
Gain on the Sale of Loans	287,262	144,785
Loss on Disposition of Assets	—	(1,609)
Gain on Sale of Other Real Estate	—	7,766
<b>TOTAL NON-INTEREST INCOME</b>	<b>2,283,578</b>	2,103,120
<b>NON-INTEREST EXPENSE</b>		
Salaries	3,257,866	3,072,727
Benefits	1,711,971	825,515
Travel & Conference	6,024	14,130
Office Occupancy	555,310	560,245
Office Operations	1,933,029	1,840,186
Marketing	247,871	284,778
Loan Servicing	602,185	512,909
Outside Services	197,109	138,089
NCUA Insurance & Operating	54,723	56,420
Other Operating	138,101	112,199
<b>TOTAL NON-INTEREST EXPENSE</b>	<b>8,704,189</b>	7,417,198
<b>NET INCOME</b>	<b>\$357,566</b>	\$919,236

## Letter from the Chairman & CEO

Dear Member,

In our report last year we noted that we had completed a new strategic plan. Over the course of 2015 we began to implement various parts of the plan which we feel will benefit you, the member, with new products and services and an overall better experience.

In September, we extended our lobby hours until 6:00pm Monday through Friday and 8:30am to 12:00pm on Saturdays at all locations except Picatinny Arsenal. This affords our members a better opportunity to visit our branches. It also allows us to attract new members who would not otherwise be able to visit us.

New debit cards can now be issued instantly at each of our locations. This allows us to issue debit cards at account opening as well as replace lost or damaged cards without the member having to wait up to 10 days. Both of our debit and credit cards have been updated with the new EMV or "chip" technology that provides a better level of security when making purchases.

Our website was optimized so that it is responsive to any device (mobile phone, tablet, laptop and desktop). Members can now experience the website in a more efficient and friendly manner at any location they might be.

We invested in our "back office" infrastructure for better security, disaster recovery, less down time and faster response. Some of these initiatives will continue into 2016.

Social media became a major marketing focus. We have a dedicated individual to manage our social media platforms with continuous posting of financial articles, community events, contests and marketing promotions to engage both current and potential new members. The results for the first year were encouraging. We currently have 2,200 followers on Facebook, 239 twitter followers, and 144 Instagram followers. We look forward to expanding our social media presence as we move forward.

We recently released our mobile check deposit product. This allows our members the convenience of depositing a check simply by taking a picture on their smart phone or tablet.

In the coming year there will be a number of new offerings including financial education, a website car buying tool, and "Card Valet" which allows our members to manage their cards online.

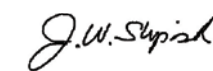
We have instituted an intensive training program for our front office staff, and we are working towards the development of what we are calling a "Universal MSR." In the future any person in any branch will be able to service all of a member's needs.

Our flat fee first mortgage program continues to be very popular with our members. In 2015, we originated \$21 million in first mortgage loans which represents almost half of the \$43 million in loans we made in 2015.

Net income for 2015 was \$357,566. During 2015, the Board of Directors made the decision to payout the defined benefit plan to employees who participated. Employees joining the credit union after 2003 were not eligible to participate in the plan, and the benefits were frozen to current participants in 2014. The Board felt that the risks of a long term liability to a small portion of the employee population should be eliminated. The result was a charge to earnings of \$730,000. Had this charge not occurred, net income would have exceeded \$1 million.

As we move into 2016, we believe we are pursuing the initiatives that will result in Picatinny Federal Credit Union being a superior financial institution capable of competing with anyone. As always we thank you for being a member. We exist for you and could not exist without you.

Sincerely,



Joe Shiposh  
Chairman of the Board



Keith McCarthy  
President & CEO

### Board of Directors

Chairman	Joe Shiposh
Vice Chairperson	Nancy Mueller-Davis
Treasurer	Jay Decker
Assistant Treasurer	Gary Caltobilotta
Secretary	Joe Carroll
Director	Kim Jones
Director	David Lee
Director	Valerie Morgan
Director	Leon Moreau IV
Associate Director	Matthew Adams
Associate Director	Anthony Hawthorne

### Credit Union CEO

President & CEO	Keith McCarthy
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### Supervisory Committee

Acting Chairperson	Kim Jones
Committee Member	Dominick Moreo
Committee Member	Lawrence Pinder

### Credit Committee

Committee Member	Andrew Harder
Committee Member	Radu Seserman

# PICATINNY FEDERAL CREDIT UNION

## Branches & Locations

**Rockaway Branch**  
100 Mineral Springs Drive  
Rockaway, NJ 07801

Monday–Friday: 8:00am–6:00pm  
Saturday: 8:30am–12:00pm  
ATM

**Mt. Olive Branch**  
10 International Drive South  
Flander, NJ 07836

Monday–Friday: 8:00am–6:00pm  
Saturday: 8:30am–12:00pm  
ATM (Drive Up)

**Denville Branch**  
340 E. Main Street  
Denville, NJ 07834

Monday–Friday: 8:00am–6:00pm  
Saturday: 8:30am–12:00pm  
ATM (Drive Up)

**Arsenal Branch**  
Building 30 South  
Picatinny Arsenal, NJ 07806

Monday–Wednesday, Friday: 8:00am–3:30pm  
Thursday: 8:00am–6:00pm  
ATM

For a complete set of 2015 audited financial statements & footnotes contact:  
Ray Silfies, Chief Financial Officer  
Picatinny Federal Credit Union  
100 Mineral Springs Drive  
Dover, NJ 07801  
rsilfies@picacreditunion.com

The 5300 quarterly report filed with the NCUA for Picatinny Federal Credit Union for December 31, 2015 can be obtained at [www.NCUA.gov](http://www.NCUA.gov) under Credit Union Data. Our charter number is 3291. The address for the NCUA is:  
NCUA  
3375 Duke Street  
Alexandria, VA 22314-3428

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