



# 2021 ANNUAL REPORT



## BOARD OF DIRECTORS

Kenneth Franklin, Chairman  
David Alexander, Vice Chairman  
Christine Jung, Treasurer & ALCO Chair  
Jared Arico, Secretary  
Darnetta King Bondon  
Evangeline Edwards  
Winona Varnon  
Elena Falcettoni  
Valerie Coleman

## NOMINATING COMMITTEE

Peter Both, Chairman  
Kenneth Franklin  
Fran Horne  
Thomas Pollaci

## SUPERVISORY COMMITTEE

Rashika Peiris, Chair  
John Michels  
Michael Ofori-Kuragu  
Carl Pakerson  
Chris Saykes, Alternate

# Vision

To be the path to financial well-being for our members  
so they can live their dreams

# Chairman's Report

The year 2021 was very much a year of transition. In the year prior, the upheaval of the pandemic tested everyone's resiliency, as well the credit union's contingency planning. Over the past two years we have all learned the full extent of what it means to pivot and make the best of a given situation. We became accustomed to moving within uncertain conditions and times. In the year 2021, we went beyond surviving the chaos, into a discovery of our transition to a new normal.

A staple of credit unions, the face-to-face personal interaction has become less commonplace, moving to online and virtual settings. Keeping up with new technology, the credit union enhanced the online and mobile banking platforms in 2021, and added Zelle® to facilitate a fast, safe, and convenient method to send and receive money. Though we all had some added learning that accompanies the introduction of new technology, our hope is that these enhancements will provide ongoing benefits into 2022 and beyond. In financial terms, the Credit Union's assets grew by 6.3% over the past year, and we continue to be well capitalized. Our Credit Union continues to be strong and sound. We truly appreciate the trust and confidence our members place in us to be their financial institution of choice.

As we look ahead into 2022, we remain steadfast in our dedication to providing excellent service. We look to continue to leverage technology to improve your banking experience, including new help options such as a chat feature in online banking which provides direct access to a credit union member services representative. As an organization, we are grounded in our mission to serve employees and retirees across the Federal Reserve Systems.

Thank you to our members for your continued loyalty throughout this year and for years to come. As your trusted partner, our goal is to always make a positive impact on your financial journey.

Cooperatively,

Ken Franklin

Chairman of the Board

FRB Federal Credit Union

# Treasurer's Report

The FRB Federal Credit Union (the Credit Union) continues to operate in a safe and sound manner, with conservative management, robust board oversight, strong capital, ample liquidity, and high-quality loans and investments. As of December 31, 2021, the Credit Union reported total assets of \$118.5 million, a 6.3% increase from the previous year end. Total assets consisted of 67% net loans, 20% investments and deposits in other financial institutions, 9% cash and cash equivalents, and 4% other assets. Members' share and savings accounts grew by 6.8% to \$107.1 million and total members' equity was \$10.6 million as of fiscal year end.

During 2021, the Credit Union made great strides to strengthen the investment portfolio in order to diversify our assets as well as earn a higher yield, which was challenging especially in a low interest rate environment. Total investments, including deposits in other financial institutions, grew 83% from prior year with total balances of \$24.1 million as of December 31, 2021. Consistent with our values, investment strategies focused on strong credit quality assets that provided a good return over a projected time horizon.

The Credit Union continues to grow the loan portfolio by providing competitive rates while adhering to strict underwriting criteria and limits. Total loans were \$78.7 million as of December 31, 2021, which increased nominally by 1% from the prior year. The loan portfolio mix remained consistent from the prior year at 84% in real estate loans, 8% in vehicle loans, and 8% in other loans. Although the pandemic continued to present challenges to our members, delinquency ratio remained under 0.36% throughout the year and net charge off ratio was 0.01% for 2021.

The Credit Union recorded net income of \$804 thousand for the full year and a return on assets of 0.70%. The lower 2021 earnings were primarily due to the low interest rate environment, which is consistent with our peers and the overall credit union industry. However, capital net worth ratio remained strong, above 9% as of December 31, 2021, which is well in excess of the required regulatory requirement.

The Credit Union will continue to remain diligent in the evolving pandemic environment. We remain committed to revisit our loan and member share rates each month to provide members the best rates possible while maintaining a strong, safe, and stable financial condition.

Cooperatively,  
Christine E. Jung  
Treasurer

# Condensed Opinion Letter



April 25, 2022

To the Supervisory Committee of FRB Federal Credit Union

We have audited, in accordance with auditing standards generally accepted in the United States of America the statements of financial condition of FRB Federal Credit Union as of December 31, 2021 and 2020, and the related statements of comprehensive income, members' equity, and cash flows for the years then ended; and in our report dated April 25, 2022, we expressed an unmodified opinion on those financial statements.

In our opinion, the information set forth in the accompanying condensed financial statements is fairly stated, in all material respects, in relation to the financial statements from which it has been derived.

*DeLeon & Stang*

**DeLeon & Stang, CPAs and Advisors**  
**Gaithersburg, Maryland**  
**April 25, 2022**





# STATEMENTS OF FINANCIAL CONDITION

December 31, 2021 and 2020

ASSETS	2021	2020
Cash and cash equivalents	\$ 10,474,529	\$ 14,851,285
Deposits in other financial institutions	4,925,047	10,453,047
Investments:		
Available-for-sale, at fair value	16,663,266	-
Held-to-maturity, at amortized cost	2,238,556	2,499,006
Other investments, at cost	257,755	233,312
Loans to members, net	78,896,693	78,015,633
Accrued interest receivable:		
Loans	181,634	182,736
Investments	37,172	26,306
Prepaid expenses and other assets	1,519,745	2,138,556
Deferred compensation plan	2,177,549	2,078,385
Premises and equipment, net	249,458	284,184
NCUSIF deposit	874,781	720,546
<b>TOTAL ASSETS</b>	<b>\$ 118,496,185</b>	<b>\$ 111,482,996</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
Liabilities:		
Members' share and savings accounts	\$ 107,083,582	\$ 100,286,185
Dividends payable	168,793	185,033
Accrued expenses and other liabilities	677,346	954,301
Total liabilities	107,929,721	101,425,519
Members' Equity:		
Regular reserve	9,639,140	9,039,140
Undivided earnings	441,183	236,824
Accumulated Other Comprehensive Loss	(295,372)	-
Acquired equity	781,513	781,513
Total Members' Equity	10,566,464	10,057,477
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$ 118,496,185</b>	<b>\$ 111,482,996</b>



# STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2021 and 2020

INTEREST INCOME	2021	2020
Member loans	\$ 3,264,506	\$ 3,201,129
Securities, interest bearing deposits and cash equivalents	299,747	544,226
Total interest income	3,564,253	3,745,355
INTEREST EXPENSE		
Members' shares and savings accounts	277,220	427,860
Interest on borrowed funds	-	26,636
Total interest expense	277,220	454,496
Net interest income	3,287,033	3,290,859
PROVISION FOR LOAN LOSSES	(33,971)	92,000
Net interest income, after provision for loan losses	3,321,004	3,198,859
NON-INTEREST INCOME		
Fees, charges and other income	562,644	619,727
Other non-interest income	187,577	128,343
Gain on sale of repossessed assets	-	8,983
Total non-interest income	750,221	757,053
NON-INTEREST EXPENSE		
Employee compensation and benefits	1,655,149	1,471,186
General and administrative	945,562	925,112
Other operating costs	650,880	575,181
Loss on sale of repossessed assets	15,275	-
Total non-interest expense	3,266,866	2,971,479
<b>Net income</b>	<b>\$ 804,359</b>	<b>\$ 984,433</b>
OTHER COMPREHENSIVE INCOME (LOSS)		
Net unrealized losses on investment securities		
arising during the year	(295,372)	-
Total other comprehensive loss	(295,372)	-
<b>Comprehensive income</b>	<b>\$ 508,987</b>	<b>\$ 984,433</b>



# STATEMENTS OF CHANGES IN MEMBERS' EQUITY

For the Years Ended December 31, 2021 and 2020

	<b>Regular Reserve</b>	<b>Undivided Earnings</b>	<b>Accumulated Other Comprehensive Income (Loss)</b>	<b>Acquired Equity</b>	<b>Total</b>
<b>Balances at December 31, 2019</b>	\$ 8,039,141	\$ 252,390	\$ -	\$ 781,513	\$ 9,073,044
Net income	-	984,433	-	-	984,433
Transfers, net	999,999	(999,999)	-	-	-
<b>Balances at December 31, 2020</b>	9,039,140	236,824	-	781,513	10,057,477
Net income	-	804,359	-	-	804,359
Other comprehensive loss	-	-	(295,372)	-	(295,372)
Transfers, net	600,000	(600,000)	-	-	-
<b>Balances at December 31, 2021</b>	<u>\$ 9,639,140</u>	<u>\$ 441,183</u>	<u>\$ (295,372)</u>	<u>\$ 781,513</u>	<u>\$ 10,566,464</u>





# STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Cash Flows From Operating Activities:</b>		
Net income	\$ 804,359	\$ 984,433
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	70,297	76,281
Securities discount/premium amortization (accretion), net	18,750	5,014
Provision for loan losses	(33,971)	92,000
(Gain) loss on sale of assets	15,275	(8,983)
Increase in interest receivable	(9,764)	(13,158)
Decrease (increase) in prepaid expenses and other assets	618,811	(697,232)
Increase in deferred compensation plan	(99,164)	(2,078,385)
(Decrease) Increase in dividends payable	(16,240)	2,508
(Decrease) Increase in accrued expenses and other liabilities	(276,955)	227,042
Total adjustments	<u>287,039</u>	<u>(2,394,913)</u>
Net cash provided by (used in) operating activities	1,091,398	(1,410,480)
<b>Cash Flows From Investing Activities:</b>		
Net decrease in deposits in other financial institutions	5,528,000	4,976,000
Purchases of securities available-for-sale	(18,014,122)	-
Proceeds from sale and redemption of securities available-for-sale	1,033,062	-
Purchases of securities held-to-maturity	(1,000,000)	-
Proceeds from sale and redemption of securities held-to-maturity	1,250,000	11,233,056
Net purchases of other investments	(24,443)	(16,338)
Net increase in loans to members	(847,089)	(22,824,415)
Purchases of premises and equipment	(36,724)	(90,137)
Proceeds from sale of assets	-	47,016
Increase in NCUSIF deposit	(154,235)	(89,899)
Net cash used in investing activities	(12,265,551)	(6,764,717)
<b>Cash Flows From Financing Activities:</b>		
Net increase in members' deposits	6,797,397	15,531,427
Net cash provided by financing activities	<u>6,797,397</u>	<u>15,531,427</u>
Net increase (decrease) in cash and cash equivalents	(4,376,756)	7,356,230
Cash and cash equivalents, beginning of year	14,851,285	7,495,055
Cash and cash equivalents, end of year	<u>\$ 10,474,529</u>	<u>\$ 14,851,285</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid during the year for dividends and interest	<u>\$ 293,460</u>	<u>\$ 451,988</u>

# Supervisory Committee Report

The Supervisory Committee of the FRB Federal Credit Union is charged by federal regulation with two primary responsibilities. The first is to provide oversight for the annual audit of the Credit Union and to verify the accuracy of member accounts with credit union records. The second is to conduct a verification of member accounts, and to review transactions by credit union employees and Board members. On a continual basis, routine supervisory procedures are also performed that include conducting cash counts and other tests of internal controls.

The National Credit Union Administration (NCUA) regulations require the Supervisory Committee of a credit union to conduct an audit of the financial records at least once every calendar year, covering the period since the last audit. This past year, the firm of DeLeon and Stang performed an opinion audit in accordance with generally accepted audit standards (GAAS). The audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit also included assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. An annual verification of member accounts was also successfully conducted. Lastly, the Credit Union's compliance with the Bank Secrecy Act (BSA) and ACH regulations were evaluated with no material exceptions found. I am pleased to report that the FRB Federal Credit Union received an unqualified ("clean") opinion from its auditors on the 2021 financial statements.

In 2021, the Credit Union established the role of an internal auditor, with a "dotted line" reporting to the Supervisory Committee, with a view to enhancing the processes and practices of the Credit Union. The Supervisory Committee worked closely with the Internal auditor in defining the duties and ensuring that all responsibilities as specified in the "Supervisory Committee Guide for Federal Credit Unions" issued by the NCUA were adequately covered. The Supervisory Committee will be signing off on the audits at the specified timelines when these audits are complete.

The Supervisory Committee is also always available to assist you with resolving issues related to member accounts or credit union operations, in the event the normal credit union resolution procedures have been unsuccessful. Requests to the Supervisory Committee should be in writing and signed and may be addressed to any Supervisory Committee member or to our email address, [SupervisoryCommittee@frb.gov](mailto:SupervisoryCommittee@frb.gov). My thanks to our Supervisory Committee volunteers for their continued commitment and dedication to the overall success of our credit union.

Cooperatively,

Rashika S. Peiris

Chair, Supervisory Committee

# CEO's Report

2021 was a year of many changes for the credit union. We upgraded online banking, our app, bill pay, and our operating system, which supports it all. We added Zelle® and we added a chat feature to online banking. Those changes were significant for the membership – and the changes to online banking and bill pay were particularly challenging, so I thank all our wonderful members for your patience. Our new systems are more modern and flexible and provide a strong, secure base from which to continue to grow and serve our members better.

I also want to thank the credit union staff from the bottom of my heart for their hard work, diligence, and good humor. Big changes can only be successful with the right team, and our team really pulled together in a big way. They learned new systems, helped each other, worked long hours, and spent a lot of time on the phone making sure each and every member's questions were answered. This credit union has a big heart, and that all comes down to the people. There are lots of bigger financial institutions out there, but none have a bigger heart than the FRB Federal Credit Union.

What is new in 2022? We are focusing on financial wellness for all. We recently launched our Financial Wellness Program with staff certified in financial counseling. Everyone is at a different place with finances, whether it's saving for a house, paying for college, looking towards retirement, debt management, or your credit score needs some work. Email [financialwellness@frbfcu.org](mailto:financialwellness@frbfcu.org) to schedule a free, confidential conversation. Everyone deserves to be free from money worries. Everyone.

Cooperatively Yours,

Theresa Trimble

CEO

FRB Federal Credit Union

# Your Staff

**Theresa Trimble**

Chief Executive  
Officer

**Julia Burke**

Chief Operations  
Officer

**Puspa R. Shrestha**

Chief Financial  
Officer

**Jaclyn Harrigan**

Chief Lending  
Officer

**Jennifer Norris**

Internal Audit/  
Compliance Officer

**Danielle Porter**

Finance/Accounting/  
HR Officer

**Amelia “Toni” Small**

Member Service

**Marquette Hinton**

Member Service Supervisor

**Alisha Foster**

Member Service

**Ming Wong**

Member Service/  
Marketing

**Kaitlyn Hertzog**

Member Service/  
Marketing

**Martha Demessie**

Member Service

**Sonia Angunawela**

Member Solutions

**Jill Acra**

Loans

**Bridget Hurst**

Loans/Records

**Ling Chen**

Finance/Accounting

**Monica Johnson**

Finance/Accounting

**Sydney Williams**

Data Analyst



*Federally Insured By NCUA*