



2022
ANNUAL
REPORT



LAPFCU

*Law Enforcement's Premier
Financial Services Provider*

MISSION

To enhance the quality of life for the law enforcement community by serving as a trusted partner, providing rewarding financial solutions through exceptional service.

VALUES

Respect

Ownership

Integrity

Joint Report of the Chairman of the Board of Directors and the Chief Executive Officer

We are pleased to report that LAPFCU had a fruitful year and made advances in several areas, including:

FINANCIAL HEALTH

Total assets grew from \$1.32 billion in 2021 to \$1.45 billion. Deposits grew modestly from \$1.18 billion to \$1.19 billion and despite rising interest rates, loans exceeded demand forecasts and increased from \$674 million to \$723 million. We ended the year with a net worth ratio of 10.3%, well above the National Credit Union Administration's well-capitalized classification of 7.0%. Overall, we generated a respectable \$7.7 million in net income – up from \$5.7 million in 2021.

GEOGRAPHIC EXPANSION

In December 2021, we received approval from the NCUA to expand our membership charter to encompass the four neighboring counties of Orange, Ventura, Riverside, and San Bernardino. This was a major step along our pathway to improving the financial wellbeing of more members of the law enforcement community.

Throughout 2022, we worked to forge relationships with law enforcement agencies in these new counties, and we are pleased to say they were receptive to our value proposition. Nearly 500 of their sworn and professional staff personnel joined the Credit Union. We also saw a strong membership growth contribution of nearly 400 members from more recent agency relationships within Los Angeles County. This resulted in our highest rate of membership growth in over 10 years, and a total addition of 1,436 net new members. We ended the year with a grand total of 43,385 members.

CORE TRANSACTION PROCESSING SYSTEM

In October, we upgraded our core transaction processing system. The preparation for this change required considerable work on the part of our associates, and we commend them for their efforts and dedication. We also thank our members for adjusting to the resulting necessary changes to accounts and services.

The new system provides more flexibility, compatibility with other systems, and greater efficiency. With this scalable platform, we can begin to expand the services we offer, and members will benefit from improved speed and accuracy through more automation. Be on the lookout for several enhancements that will make it easier for you to do business with your Credit Union.

REMODELING CONTINUED

We continued progress on a multi-year plan to remodel our branches and offices. Work began in our back offices to provide our Lending, Finance, Risk Management, Marketing, and Human Resources departments with modern business environments optimized for productivity and collaboration.

We will finish this remodeling phase early in the year and move on to additional remodeling projects later in 2023.

CREDIT CARD PROGRAM UPGRADE

In March, we changed credit card providers to present our cardholder members with a better experience and more value. Now, it's easier for members to access and manage their credit card accounts via online banking and our mobile app, and members have expanded reward points redemption options.

NEW PRODUCTS LAUNCHED

We launched two new products in 2022:

- *The Guardian Checking* account provides qualifying sworn law enforcement professionals with a free privacy service that continually removes their personal information from the Internet to protect them from bad actors. Non-sworn personnel receive free identity theft monitoring and assistance services.
- The new *Preferred Money Market* account offers members significantly higher dividend rates than our standard account and rewards members for increased engagement with the Credit Union.

We also updated our adjustable-rate mortgage programs to meet the needs of our members in a rising interest rate environment.

LOOKING AHEAD

In January 2023, LAPFCU's CEO Edwin Hada passed the torch to our new CEO, John Roemer. We thank Mr. Hada for his over 15 years of service to our mission of improving the law enforcement community's quality of life and look forward to new leadership under Mr. Roemer.

LAPFCU remains focused on improving the member experience and continued growth. With the above accomplishments, both completed and in progress, we are well on our way to providing more value and convenience to our members, securing a unique space within our marketplace, and unremittingly solidifying our position as law enforcement's premier financial services provider.

We sincerely thank our Board of Directors, Officials, Leadership Team, and all LAPFCU Associates for another successful year. But most of all, we thank our law enforcement members and their families for their continued loyalty and participation in their Credit Union and for their tireless service to our society.

Andre Plummer

Chair, Board of Directors

John Roemer

President & CEO

Supervisory Committee Report

The Supervisory Committee is appointed by the Board of Directors and is currently comprised of a member of the Board of Directors, who serves as the Committee Chair, and two volunteer members. Together they function as the Credit Union's audit committee.

The Supervisory Committee fulfilled its responsibilities in 2022 by:

- Retaining a nationally certified public accounting firm to conduct the Credit Union's annual audit in accordance with generally accepted auditing standards to ensure that the financial statements of the Credit Union adhere to generally accepted accounting principles.
- Working together with the Credit Union's Internal Audit department, which reviews in detail the financial and operational components of the Credit Union, to ensure that internal controls are in place and policies and procedures are followed.
- Reviewing compliance risk assessments.
- Meeting with Credit Union management to evaluate the Credit Union's compliance efforts regarding changing laws and regulations.
- Hiring outside firms to conduct a comprehensive Bank Secrecy Act/OFAC/USA Patriot Act audit, a pension audit, an information technology and security audit, and a vendor management audit.

As an independent body, the Supervisory Committee also investigates members' concerns not resolved to their satisfaction by management. Members are encouraged to send any comments or inquiries regarding concerns or the financial condition of the Credit Union to the Supervisory Committee. Members may address correspondence to:

LAPFCU Supervisory Committee
P.O. Box 14452
Van Nuys, CA 91409

All member communications are handled with the utmost confidentiality.

We are pleased to report in 2022 that reports from the NCUA examiners, external auditors, and the work performed by the Internal Audit department gave Los Angeles Police Federal Credit Union a clean bill of health. Your Credit Union continues to maintain the highest levels of financial safety and soundness along with providing exceptional member service.

We would like to thank our Board of Directors, the management team, the associates for their dedication, and we especially want to thank our members for your continued support. The Committee members are proud to volunteer our time to serve the members of LAPFCU and to be associated with such an outstanding organization. We look forward to serving you in 2023.

Glynn Martin, Committee Chair

Johnny Gil, Member

Luz Glorioso, Member



Joint Report of the Treasurer of the Board of Directors and the Chief Financial Officer

In 2022, Los Angeles Police Federal Credit Union continued to make effective management of financial resources a central focus, while also providing value to our members. We faced another year of extraordinary events, ranging from continued high unemployment, to a volatile equity and interest rate environment. Despite this, we continued to benefit from our commitment to partnership with our members and their ongoing demand for our products and services.

We are pleased to report that LAPFCU delivered a strong financial performance in 2022. We provided competitive rates on both our savings and loan products, increased borrowing opportunities, and greater convenience for members. As a result, we saw continued growth in loans.

The Credit Union had a positive net income performance of \$7.7 million, which helped to grow our net worth to a record high of \$150 million. Our net worth ratio remained strong at 10.3%, well above the 7.0% minimum level required by the National Credit Union Administration to earn their classification of being “well-capitalized.”

Deposits amounted to \$1.2 billion, while loans to members increased slightly from \$674 million to \$723 million.

Total investments amounted to \$675 million – an increase of 13.1% while investment income amounted to \$15.3 million, an increase of 11.6% compared to the prior year as market investment rates rose to decade highs.

In all, total assets reached a record high of \$1.45 billion at year end, which is an increase of \$123.2 million, or 9.3%, when compared to 2021.

We are pleased with our solid financial results for 2022. We remain a safe and secure financial institution for our members’ finances, while providing rewarding financial solutions through exceptional service.

In closing, we would like to thank our Directors and other Officials, the Credit Union staff, and especially our members for the continued success of LAPFCU.

Tyler Izen

Treasurer, Board of Directors

Angelino Cayanan

Senior Vice President of Finance & Administration / CFO



Statements of Financial Condition

(Thousands)

Assets	12-31-22	12-31-21
Loans to Members	\$723,323	\$674,008
Deferred Mortgage Fees	(322)	(1,522)
Allowance for Loan Losses	(3,497)	(3,011)
Cash On Hand	2,669	7,846
Investments	672,689	589,495
Fixed Assets	11,955	10,299
Other Assets	44,112	50,591
Total Assets	\$1,450,929	\$1,327,706
Liabilities & Members' Equity		
Members' Savings	\$1,187,318	\$1,184,337
Payables	171,901	558
Other Liabilities	6,091	5,871
Reserves and Undivided Earnings	85,619	136,939
Total Liabilities and Members' Equity	\$1,450,929	\$1,327,706

(Unaudited)

Statements of Income

January - December (Thousands)

	2022	2021
Interest Income	\$48,915	\$39,679
Interest Expense	(4,759)	(3,335)
Net Interest Income	44,156	36,344
Provision for Loan Losses	(2,067)	(1,403)
Net Interest Income After Provision for Loan Losses	42,089	34,941
Non-Interest Income	9,631	8,126
General & Administrative Expenses	(44,004)	(37,408)
Net Income From Operations	7,716	5,659
Net Income	\$7,716	\$5,659

(Unaudited)



Branch Locations

Academy Branch (ATM)

1880 N. Academy Dr.
Los Angeles, CA 90012
Monday - Friday, 8 a.m. - 5 p.m.

Jesse Brewer Branch (ATM)

5651 West Manchester Ave.
Los Angeles, CA 90045
Monday - Friday, 8 a.m. - 5 p.m.

Van Nuys Branch (ATM)

16150 Sherman Way
Van Nuys, CA 91406
Monday - Friday, 8 a.m. - 5 p.m.

Santa Clarita Branch (ATM)

19195 Golden Valley Road
Santa Clarita, CA 91387
Monday - Friday, 9 a.m. - 5 p.m.

Police Station ATMs

LAPFCU operates deposit-taking ATMs
at all LAPD police stations.

Member Contact Center

P.O. Box 10188
Van Nuys, CA 91410
24 Hours a Day, 7 Days a Week
877-MY-LAPFCU (877-695-2732)

24-Hour Lending Center

(877) 695-2732, press 3

LAPFCU Convenience Services

Mobile Banking

The LAPFCU Mobile Banking App is available in the App Store and on Google Play.

PATROL Online Banking – lapfcu.org

Effortlessly manage all aspects of your accounts online, pay bills and manage your finances.

CODE 3 Touchtone Banking

Call 877-MY-LAPFCU (877-695-2732) to access your accounts and conduct transactions via phone. Or, speak to a representative 24/7.

CO-OP® Shared Branches

Access your accounts and perform transactions at almost 5,000 shared branch locations. Make deposits, loan payments and more.


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Enjoy access to 25,000 Surcharge-Free CO-OP Network ATMs.

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 Additional insurance of up to \$250,000 on your savings accounts is provided by American Share Insurance, a credit union-owned share guaranty corporation.

