

# Strength in Community

2019 ANNUAL REPORT



**U. S. Postal Service**  
FEDERAL CREDIT UNION

Federally Insured by NCUA

# Chairman's Report

First of all, let me begin by thanking you for being a member. These are difficult times we are going through right now as a nation. We want you to know we are here for you. We listen. And want you to know you have options to help you and your family.

There is no credit union without the member-owners. Member-owners are central to success. We know you have a choice.

Directing a credit union involves ongoing careful balance. We want to provide our members with very competitive rates on our savings and loan products while being able to cover expenses and build capital. In 2019, the United States Postal Service Federal Credit Union (USPS FCU) grew total assets to \$268 million and was able to increase total reserves by about \$1.7 million. USPS FCU continues to be "Well Capitalized", the highest capital rating from our federal regulator, the National Credit Union Administration.

How many of you know each year we hold an essay contest and award three scholarships to high school senior and college student members? Scholarships range from five hundred to one thousand dollars.

There were several process improvements that were made to make it more convenient for members.

A little over a year ago we introduced an Online Loan Payment System which allows members to make single or recurring payments on home equity, auto, and signature loans. Nobody plans to forget to pay a bill and this allows you to set up on-time payments at your convenience.

Last September we contracted with PSCU. PSCU is the largest credit union service

organization in the United States. We use their Call Center for the overflow of member service calls. This proved fortuitous in light of the COVID-19 pandemic when many employees were unable to serve members in the usual manner.

At the beginning of 2020, we implemented Fingerprint Sign-On for Mobile. I don't know about you, but I have problems remembering all my usernames and passwords. The fingerprint scan is a great convenience for me and I hope for you as well.

Looking forward, we see a new world with many uncertainties. Will it be relatively short-lived or will it be the new normal remains to be determined. The Postal Service has long faced economic challenges, and the COVID-19 pandemic has made it all the more difficult. To help our member-owners during this crisis, the Credit Union provided financial relief by offering a low-cost COVID relief loan, initiated line-of-credit limit increases, waived ATM and Shared Branching fees, as well as early withdrawal penalties on certificates. Our borrowers in need of payment relief were given loan extensions up to 90 days while our VISA card holders were offered the ability to skip-a-pay for a three-month period. All of these relief efforts helped our members keep more of their hard-earned money in their pockets. Because the member-owner is most important, because the Credit Union is "well capitalized" and is strong and able, your Board is happy to be able to provide such financial relief efforts and give back more to our members in 2020.

Respectfully submitted,

**Michael E. McCartney**

*Chairman, USPS FCU Board of Directors*



## Supervisory Committee

**WILLIAM BATTERTON** *Chairman*

**AMY ROSE** *Member*

**RICHARD STRASSER, JR.** *Member*

**LEONARDO GREEN** *Member*

**PHILLIP BRADY HAYDEN** *Member*

# Statements of Financial Condition

Period Ending  
December 31, 2019  
and 2018

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<b>ASSETS</b>	<b>2019</b>	<b>2018</b>
Cash and cash equivalents	\$10,768,871	\$18,768,352
Investments:		
Available for sale	12,065,193	21,376,313
Other	44,316,908	25,250,729
Federal Home Loan Bank (FHLB) stock	427,800	202,400
Loans held for sale	237,598	61,610
Loans receivable, net of allowance for loan losses	195,219,356	168,725,813
Accrued interest receivable	642,560	584,025
Premises and equipment, net	401,307	309,404
National Credit Union Share Insurance Fund deposit	2,197,152	1,993,976
Other assets	2,050,321	1,907,417
<b>Total Assets</b>	<b>\$268,327,066</b>	<b>\$239,180,039</b>
<b>LIABILITIES</b>		
Members' share and savings accounts	\$234,631,707	\$211,926,752
Borrowed funds	5,000,000	
Interest payable	446,369	361,868
Accrued expenses and other liabilities	1,355,048	1,744,335
<b>Total Liabilities</b>	<b>241,433,124</b>	<b>214,032,955</b>
<b>MEMBERS' EQUITY</b>		
Regular reserve	2,115,817	2,115,817
Appropriated undivided earnings	24,902,873	23,392,819
Undivided earnings	100	100
Accumulated other comprehensive loss	(124,848)	(361,652)
<b>Total Members' Equity</b>	<b>26,893,942</b>	<b>25,147,084</b>
<b>Total Liabilities and Members' Equity</b>	<b>\$268,327,066</b>	<b>\$239,180,039</b>

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## Board of Directors

**MICHAEL E. McCARTNEY**

*Chairman*

**JOHN F. ROSATO**

*Vice Chairman/Director of Marketing*

**RICHARD E. GATEWOOD**

*Director of Technology/Operations*

**THOMAS DALE JR.**

*Secretary/Treasurer/Director of Finance*

**RICHARD YESSIAN**

*Director of Human Resources*

**GILBERT A. FORD, JR.**

*Director of Strategic Planning*

**TIMOTHY S. GAVAGAN**

*Director*

# Statements of Income

Period ending  
December 31, 2019  
and 2018

	<b>2019</b>	<b>2018</b>
<b>INTEREST INCOME</b>		
Interest on loans receivable	\$8,800,689	\$7,997,204
Interest on investments	1,850,365	1,363,774
Interest income	10,651,054	9,360,978
<b>INTEREST EXPENSE</b>		
Dividends on members' share and savings accounts	2,177,446	1,501,479
Interest on borrowed funds	67,511	188,547
Interest expense	2,244,957	1,690,026
<b>NET INTEREST INCOME</b>	8,406,097	7,670,952
<b>PROVISION FOR LOAN LOSSES</b>	689,243	753,243
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	7,716,854	6,917,709
<b>NON-INTEREST INCOME</b>		
Service charges	2,302,371	2,029,376
Card income	913,978	927,050
Miscellaneous income	76,339	162,630
Gain on investments, net	33,835	-
Gain on sale of assets acquired in liquidation, net	-	33,626
Non-interest income	3,326,523	3,152,682
	11,043,377	10,070,391
<b>NON-INTEREST EXPENSE</b>		
Compensation and employee benefits	4,565,346	4,343,312
Professional and outside services	1,814,127	1,860,624
Loan servicing	1,534,734	1,572,365
Operations	1,114,114	1,079,316
Occupancy	370,101	360,165
Education and promotion	134,901	133,491
Loss on investments, net	-	40,493
Non-interest expense	9,533,323	9,389,766
<b>NET INCOME</b>	<b>\$1,510,054</b>	<b>\$680,625</b>

An Independent Auditing Firm has audited the accompanying statements of financial condition of U. S. Postal Service Federal Credit Union as of December 31, 2019, and 2018, and the related statements of income, members' equity and cash flows (not presented herein) for the years then ended; in their report dated March 25, 2020, they expressed an unmodified opinion on those financial statements. These financial statements are the responsibility of the Credit Union's management. The Independent Auditing Firm's responsibility is to express an opinion on these financial statements based on their audits. The condensed financial statements do not constitute a complete set. The complete set, including the statements of changes in members' equity, cash flows and notes to the financial statements, is available in the Credit Union office. We do business in accordance with the Federal Fair Housing Law and the Equal Opportunity Act. It is illegal to discriminate against any person because of race, color, religion, sex or national origin.

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