



LAPFCU 2023  
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 successful year in 2023. We had many significant achievements and remained financially safe and sound.

It was an unprecedented year of rising interest rates. The rate environment curtailed consumer demand for loans and sparked a headline-grabbing marketplace liquidity crunch. This, in turn, spurred intense competition for deposits. Still, we were able to meet our members' financial needs, advance several strategic initiatives, remain well capitalized, and grow our Credit Union membership. Here are a few summary highlights from the year.

## FINANCIAL PERFORMANCE

Total assets decreased slightly from \$1.45 billion in 2022 to \$1.40 billion, as the Credit Union used the proceeds from investments to reduce outstanding borrowings from the Federal Home Loan Bank. Deposits were down marginally from \$1.18 billion to \$1.16 billion, as consumer spending increased during the year.

Loans increased from \$741 million to \$773 million. We ended the year with a net worth ratio of 10.7%, well above the National Credit Union Administration's well-capitalized classification of 7.0%, and higher than the 10.2% net worth ratio of one year ago. Net income for the year was \$1.4 million, lower than last year due to higher interest rates on deposit products.

## NEW LEADERSHIP

In 2023, there were major executive leadership changes at the Credit Union. Former CEO Edwin Hada retired, and John Roemer was appointed as our new CEO by the Board of Directors. Shortly thereafter, we hired a new Chief Financial Officer, a new Chief Information Officer, a new VP of Finance, a new VP of Human Resources, and a new VP of Business Intelligence, Payments, and Account Servicing. These new leaders replace executives who retired or seized the opportunity to advance their careers in higher positions elsewhere. Our new leaders bring with them a wealth of experience, deep talent, passion for serving credit union members, and enthusiasm that are already producing results, as you will see below. Together with LAPFCU's highly skilled, longtime executives, the combined team is propelling us forward while honoring and preserving our core mission, values, and purpose.

## SERVICE AND TECHNOLOGY IMPROVEMENTS

- We introduced Zelle® as a convenient way for members to send and receive payments within our mobile banking app. We launched Zelle® on June 20, and by the end of the year, over 8,500 members were actively using it.
- We implemented a new, streamlined loan application platform that enables members to apply for a consumer loan in minutes, simply by providing a few pieces of information. Members also benefit from instantly seeing how much they can save with us by refinancing loans they have elsewhere.

\$32mil  
LOANS INCREASED



10.7%  
NET WORTH  
RATIO



1,833  
NET NEW  
MEMBERSHIPS



- We made enhancements that simplified and accelerated our new membership and account opening processes.
- We secured a new technology provider relationship that will improve the online and mobile banking experience for members, and we look forward to implementing this later this year.
- Our professional financial advisors continued to support the financial planning needs of our membership, including the increasing number of members planning for early retirement. Between January and December, CUSO Financial Services, LP\* increased assets under management by 39%, from \$103 million to \$144 million. Members also opened 247 new accounts and invested \$13.8 million in new funds, as they recognized the advantages of working with our professional financial advisors to meet their long-term financial goals.

## TRUST AND WILL SERVICES ADDED

We entered into a relationship with Trust & Will, which provides members with a low-cost, turnkey solution for creating a professional estate plan. This new service dovetails into our suite of specialized programs for the law enforcement community.

## REMODELING PROGRESS

In 2023, we continued renovating our headquarters office. We successfully remodeled several of our departments, including Lending, Risk Management, Finance and Accounting, Business Intelligence, and Marketing. In 2024, we will continue with refurbishing our offices, including making updates that will provide members with a more upscale, modern, and cohesive experience in our branches.

## MILESTONE ACHIEVEMENTS

- Members expressed their approval of our efforts and achievements as we received our highest Net Promoter Score (NPS) in over 10 years with a score of 66% on our annual survey. The survey is conducted by an industry-leading, independent third party and measures an array of factors including NPS; the likelihood of members recommending us to coworkers, family, and friends.
- Aided by our expansion into neighboring counties, the Credit Union achieved record membership growth in 2023. We added 1,833 net new memberships and achieved a total membership of 45,218. This represents year-over-year growth of 4.22%. A third of these new members are employed by law enforcement agencies in Riverside, San Bernardino, Orange, and Ventura counties. This is very promising considering we just recently expanded into those counties. Based upon these encouraging results, and in pursuit of our mission to enhance the quality of life for the law enforcement community, we seek to expand into the rest of Southern California and begin serving regional state and federal law agency employees, in 2024. (continued)

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

2023 was a challenging year for the industry, navigating through a higher rate environment that put pressure on margins and liquidity. Despite that, Los Angeles Police Federal Credit Union continued to effectively manage financial resources to meet the needs of our members, while providing value and exceptional service. We continued to benefit from our partnership with our members and their ongoing demand for our products and services and are pleased to report that LAPFCU delivered positive financial performance in 2023.

 **\$1.4billion**  
TOTAL ASSETS

We provided competitive rates on both our savings and loan products and greater convenience for members. As a result, we saw continued growth in loans and maintained strong deposit balances. The Credit Union recognized net income of \$1.4 million, which helped to grow our net worth to a record high of \$150 million. Our net worth ratio increased to and remained strong at 10.7%, well above the National Credit Union Administration's "well-capitalized" threshold of 7%.

Deposits balances remained strong at \$1.16 billion, while loans to members increased from \$741 million to \$773 million. Total investments amounted to \$585 million and investment income was \$22.2 million, an increase of \$6.9 million or 45% compared to the prior year as market investment rates rose.

Overall, total assets ended the year at \$1.4 billion. We are pleased with our solid financial results for 2023. 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

**Julie Kim**  
Senior Vice President of Finance / CFO

## Joint Report of the Chairman of the Board of Directors and the Chief Executive Officer (cont.)

### LOOKING FORWARD

We are optimistic about the increasing likelihood that interest rates may begin to fall again next year. This, coupled with continuing to pay down our borrowings through the natural maturity of investments, will continue to improve our financial standing.

Major projects we'll undertake in 2024 include expanding into new markets, upgrading the member online and mobile banking experience, revamping our relationship rewards program, changing our debit cards from MasterCard® to the more widely accepted Visa®, and renovating our branches.

LAPFCU remains firmly committed to being law enforcement's premier financial services provider; we'll continue to offer

exceptional, highly competitive, convenient banking services, plus specialized programs uniquely designed for law enforcement families.

We sincerely thank our Associates, our Board of Directors, and most of all, our members. Thank you for being a part of our member-owned Credit Union, but more importantly, thank you for everything you do to care for our society and communities. It's truly our privilege to serve you.

**Andre Plummer**  
Chair, Board of Directors

**John Roemer**  
President & CEO



## Statements of Condition (Thousands)

<b>Assets</b>	<b>12/23</b>	<b>12/22</b>
Loans	\$772,764	741,211
Deferred Mortgage & Participation Fees	460	(625)
Allowance for Loan Losses	(5,964)	(3,497)
Cash On Hand	8,669	2,669
Investments	584,624	672,689
Fixed Assets	12,937	11,955
Other Assets	26,713	26,527
<b>Total Assets</b>	<b>\$1,400,203</b>	<b>\$1,450,929</b>
<b>Liabilities &amp; Members' Equity</b>		
Members' Savings	\$1,163,120	\$1,187,318
Payables	130,434	171,901
Other Liabilities	9,035	6,091
Reserves and Undivided Earnings	97,613	85,619
<b>Total Liabilities and Members' Equity</b>	<b>\$1,400,203</b>	<b>\$1,450,929</b>

(Unaudited)

## Statements of Income (Thousands)

	<b>12/23</b>	<b>12/22</b>
Interest Income	\$61,817	\$48,915
Interest Expense	20,320	4,759
<b>Net Interest Income</b>	<b>41,497</b>	<b>44,156</b>
Provision for Loan Losses	4,597	2,067
<b>Net Interest Income After Provision for Loan Losses</b>	<b>36,900</b>	<b>42,089</b>
Non-Interest Income	10,994	9,631
General & Administrative Expenses	46,474	44,004
<b>Net Income from Operations</b>	<b>1,421</b>	<b>7,716</b>
Less: NCUSIF Premium & Corporate Stabilization Fund Assessments	0	0
<b>Net Income</b>	<b>\$1,421</b>	<b>\$7,716</b>

(Unaudited)



# 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 2023 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 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, a payroll audit, an information technology and security audit, and a disaster recovery 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 your concerns or the financial condition of the Credit Union to the Supervisory Committee. You may submit an online inquiry through the Contact Page of the LAPFCU website or you may address your 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 2023 that reports from our 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 high levels of financial safety and soundness along with providing exceptional member service.

We would like to thank our Board of Directors, the management team, our 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 2024.

**Glynn Martin**  
Committee Chair

**Johnny Gil**  
Member

**Luz Glorioso**  
Member









# 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](http://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.

## CO-OP® ATM Network

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

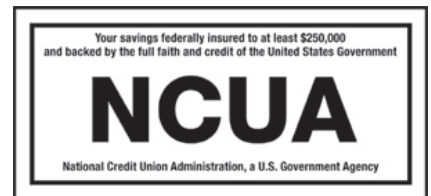


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**(877) 695-2732 • [lapfcu.org](http://lapfcu.org)**



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



\*Non-deposit investment products and services are offered through CUSO Financial Services, LP ("CFS"), a registered broker-dealer (Member FINRA/SIPC) and SEC Registered Investment Advisor. Products offered through CFS: are not NCUA/NCUSIF or otherwise federally insured, are not guarantees or obligations of the credit union, and may involve investment risk including possible loss of principal. Investment Representatives are registered through CFS. The Credit Union has contracted with CFS for investment services. Atria Wealth Solutions, Inc. ("Atria") is a modern wealth-management solutions holding company. Atria is not a registered broker-dealer and/or Registered Investment Advisor and does not provide investment advice. Investment advice is only provided through Atria's subsidiaries. CUSO Financial Services, LP is a subsidiary of Atria.