

Growing With Our Members  
2019 ANNUAL REPORT





**David Woodruff**

President/CEO



**John Tochko**

Chair,  
Board of Directors



**Karen Brown**

Chair,  
Supervisory Committee



**Robert Miller**

Treasurer

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BOARD OF DIRECTORS

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John Tochko, Chair

Laura Davis, Vice Chair

Robert Miller, Treasurer

Sarah Cooke, Recording Secretary

Alice Berman, Director

Rosalyn Furukawa, Director

Peter Newman, Director

Brian O'Connor, Director

Rachel Rakes, Director

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SUPERVISORY COMMITTEE

---

Karen Brown, Chair

Don Henderson

Peter Laanisto

Tim McIntyre

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DIRECTOR EMERITUS

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Charlene Husted

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NEW 2020 ASSOCIATE  
VOLUNTEERS

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Nadine Bernard

Cory Case

Illysa Izenberg

Monica McMellon-Ajayi

Benjamin Roca



# A MESSAGE FROM OUR PRESIDENT & CHAIRMAN

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APL Federal Credit Union's Board of Directors and senior management are pleased to announce a fifth straight year of record results for the Credit Union. Not only did we open 4,196 member loans worth \$118.8 million in 2019, which shattered 2018's record totals (3,513 loans worth \$102.9 million), we also welcomed almost 3,000 new members – a 29% increase over the record 2,314 new memberships opened in 2018.

Our One Rate Auto Loan continued to be the driving force behind the record loan results, as we helped members finance more than 3,400 vehicles during the year. More importantly, when comparing our low rate to the average car loan rate nationwide, we will save our members more than \$7 million in finance charges over the life of these loans.

In conjunction with the unprecedented membership and loan growth, we once again maintained the lowest fee structure of any full service financial institution in the area. We finished 2019 with a fees-to-average assets ratio about six times lower than the national credit union average, and more than 10 times lower than the national bank average.

Our ability to provide members with some of the best loan rates and lowest fees in the area is dependent upon keeping our expenses under control. To that end, we finished another year with the lowest operating expense ratio among our peer credit unions in the area. Overall, we operate APL FCU about 30% more efficiently than the average credit union nationwide.

This operating efficiency allows us to provide more value to our members without compromising fiscal soundness. In 2019 we were recognized as one of the ten most financially healthy credit unions in the nation by Glatt Consulting, which ranks all 5,600+ U.S. credit unions using 17 key performance indicators.

In addition to the strong financial results, we completed a large-scale project to replace our online and mobile banking platform. The new platform, which debuted in October, provides additional features that were not available on our old platform.

Shortly after the launch of the new platform, we kicked off two new projects: Zelle® and Mobile Wallets (Apple Pay® and Android Pay™). Zelle will allow APL FCU members to transfer money almost instantaneously to and from millions of other Zelle users nationwide, while the Mobile Wallets will add an additional convenient payment option for our debit and credit card users. Both of these projects are scheduled for completion in the first half of 2020.

And finally, we welcomed a new CEO for the first time in almost three decades, as David Woodruff took the helm from Jim Deegan, who retired in March. With more than 30 years of experience in the financial services industry, including 26 years working at credit unions, David has brought a wealth of knowledge and a fresh perspective with him to APL FCU.

On behalf of the Credit Union's Board of Directors and staff, we sincerely thank you for helping us achieve another record-setting year, while also helping us win the "Best Bank/Credit Union" category in Howard Magazine's Best of Howard poll for the second straight year.

As a not-for-profit cooperative, our continued success would not be possible without the participation of our members. Each savings, checking and certificate account, along with each loan being faithfully repaid, plays an integral part in helping APL FCU prosper and grow.

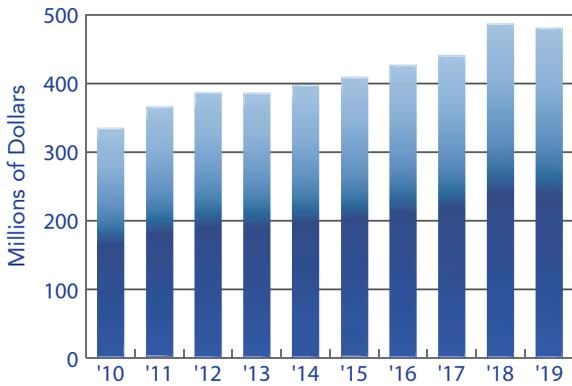
As always, we remain,

***"At Your Service, In Your Community."***

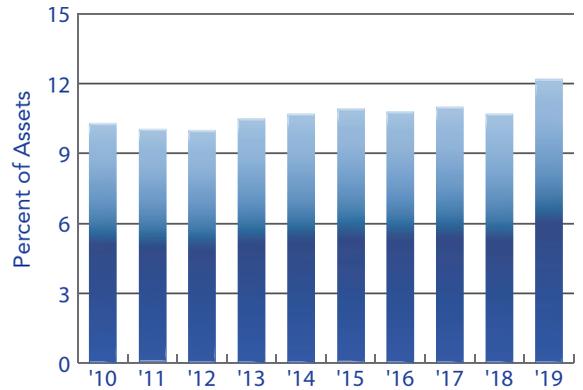


# 10 - YEAR ANNUAL REPORT DATA

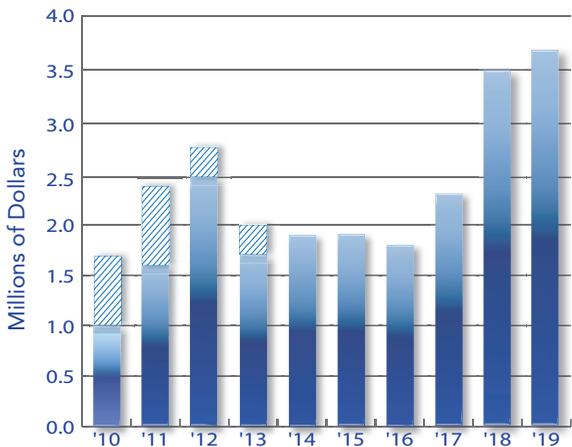
## ASSETS



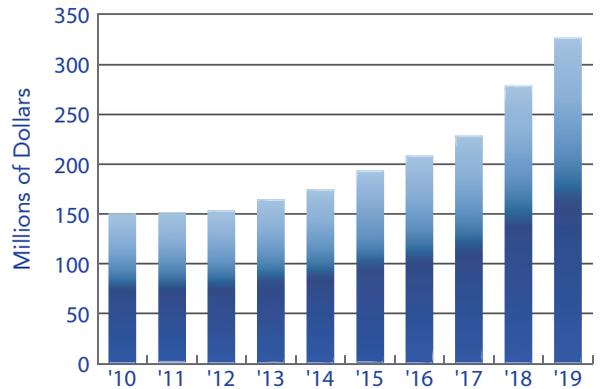
## NET WORTH



## NET INCOME

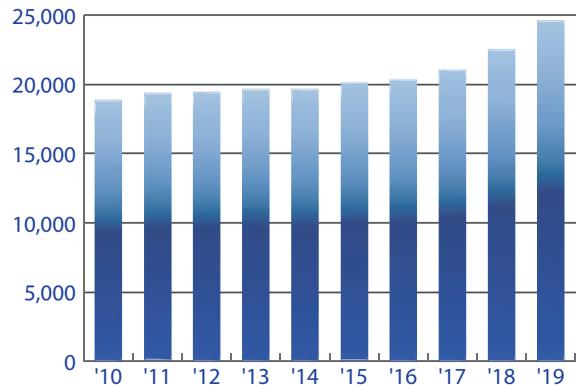


## TOTAL LOANS

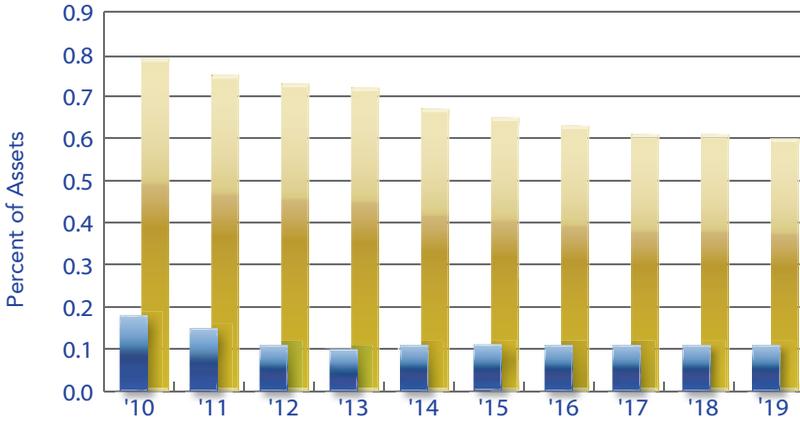


\*2010 thru 2013 income shown before and after NCUA Stabilization Expense

## NUMBER OF MEMBERS



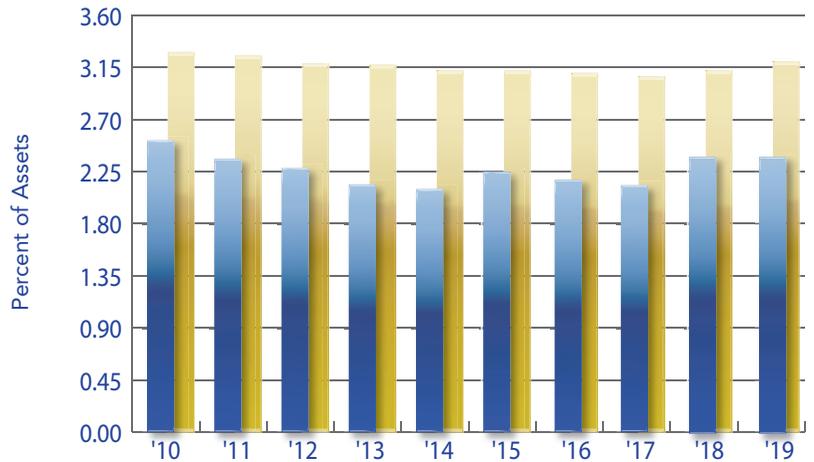
## MEMBER FEE INCOME TO AVERAGE ASSETS



This ratio is an effective way to compare the amount of fee income generated by credit unions, regardless of their size. APL FCU's fee income is about six times lower than the national credit union average and one of the lowest you will find anywhere.

## OPERATING EXPENSE TO AVERAGE ASSETS

This ratio compares APL FCU's operating efficiency to the national credit union average. In general, credit unions with lower operating expenses are being run more efficiently. APL FCU's low operating expenses allow the Credit Union to offer members lower loan rates and lower fees while still maintaining profitability.



■ APL Federal Credit Union

■ National Credit Union Average



# STATEMENT OF FINANCIAL CONDITION

ASSETS	2018	2019
<b>Loans</b>		
Loans to Members - Less Allowance for Loan Losses, and Net Deferred Loan Income	\$278,279,179	\$325,834,213
Loan Notes Receivable	860,241	1,024,790
<b>Loans Net:</b>	<b>\$279,139,420</b>	<b>\$326,859,003</b>
<b>Other Assets</b>		
Accounts Receivable	\$9,855	\$28,293
Cash	1,754,791	1,694,200
Investments	190,295,061	137,613,801
Accrued Income Receivable	807,712	751,334
Prepaid Expenses	367,530	363,315
Buildings & Land	8,811,264	8,616,885
Furniture & Equipment	631,495	771,011
NCUSIF Deposit	3,763,172	3,888,438
Other Assets	1,841,400	317,000
<b>Total Assets:</b>	<b>\$487,421,700</b>	<b>\$480,903,280</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
Accounts Payable	\$768,692	\$337,677
Accrued Expenses	3,610,803	1,041,454
Other Liabilities	3,366,886	5,410,188
<b>Total Liabilities:</b>	<b>\$7,746,381</b>	<b>\$6,789,319</b>
<b>Equity</b>		
Savings	\$190,857,592	\$185,498,347
Checking	78,394,079	81,607,952
Preferred Money Market	87,393,878	79,924,333
IRA Money Market	5,135,187	4,500,897
IRA Certificates	13,560,877	13,124,396
Certificates of Deposit	57,763,076	58,573,085
<b>Total Shares:</b>	<b>\$433,104,689</b>	<b>\$423,229,010</b>
<b>Reserves</b>		
Regular Reserve	\$2,614,802	\$2,614,802
Undivided Earnings	45,785,708	52,358,910
Net Allowance to Adjust Investments to Fair Value	307,368	(326,009)
Other Comprehensive Income	(5,671,432)	(7,499,346)
Net Income (Loss)	3,534,184	3,736,594
<b>Total Equity:</b>	<b>\$479,675,319</b>	<b>\$474,113,961</b>
<b>Total Liabilities &amp; Equity:</b>	<b>\$487,421,700</b>	<b>\$480,903,280</b>



# STATEMENT OF INCOME

OPERATING INCOME	2018	2019
Interest on Loans	\$2,851,044	\$4,011,338
Interest on Real Estate Loans	5,758,035	6,253,145
<b>Net:</b>	<b>\$8,609,079</b>	<b>\$10,264,483</b>
Income From Investments	\$3,347,438	\$4,645,418
Fees and Charges	476,923	520,301
Other Operating Income	2,010,778	2,003,628
<b>Total Operating Income:</b>	<b>\$14,444,218</b>	<b>\$17,433,830</b>
<b>Operating Expenses</b>		
Compensation	\$4,346,238	\$4,338,829
Employee/Retiree Benefits	2,255,379	3,870,035
Education & Conference Expenses	62,580	64,812
Association Dues	22,380	25,169
Office Occupancy Expenses	388,938	388,534
Office Operations Expenses	1,311,749	1,448,942
Education & Promotional Expenses	191,895	205,842
Loan Servicing Expenses	364,182	399,309
Professional & Outside Services	481,455	603,900
Regulatory Fees	116,385	131,311
Annual Report & Meeting Expenses	3,600	3,600
Miscellaneous Operating Expenses	6,311	15,506
Share Draft Processing Expenses	44,448	54,597
<b>Total Operating Expenses:</b>	<b>\$9,595,540</b>	<b>\$11,550,386</b>
Provision for Loan Losses	\$96,399	\$7,200
Interest on Borrowed Money	-	12,631
<b>Non-Operating Gains (Losses)</b>		
Gain (Loss) on Investments	-	(158,587)
Gain (Loss) on Disposition of Assets	-	4,276
Other Non-Operating Income (Expenses)	(2,377)	(4,242)
<b>Total Non-Operating Gains (Losses):</b>	<b>\$(2,377)</b>	<b>\$(158,553)</b>
Income (Loss) Before Dividends	\$4,749,902	\$5,705,061
Dividends	\$(1,215,718)	\$(1,968,467)
<b>Net Income (Loss):</b>	<b>\$3,534,184</b>	<b>\$3,736,594</b>





**[aplfcu.org](http://aplfcu.org)**

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