



# 2023 Annual Report



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## Chairman's Report

Hello Members!

Happy Spring and thank you for your support over the past year! I hope everyone is well. We thank you for trusting us with safeguarding your financial affairs.

With Members' support, we continue to rebuild our credit union. As Members, we want you to continue sharing your thoughts and consumer concerns.

Traditionally our annual meeting report is about financial trends, global activities, and market conditions related to our credit union. This is helpful and important because it suggests we prepare for "opportunities" and make adjustments as we continue to grow. As Members, again, you have given us great "opportunities," and we hear you.

One opportunity is more affordable loans to help members with auto purchases, signature and student loans. In 2024 we are promoting our "Affordable Loans Campaign" with great incentives through the HUD FCU Call Marketing Campaign. Look for a call soon from us offering special loan products for all members or call us at 202-863-2800 to ask for the Affordable Loans Campaign.

Also, stop by our branch, located on the third floor of the HUD headquarters (Weaver) Building, on the 2nd Wednesday of each month from 10:00 am - Noon for our "Meet and Greet" with our Chairman, staff and/or Board Directors. We will have refreshing beverages, snacks (including gluten free options) and the opportunity to win great prizes. And yes, we will share information on the Affordable Loans Campaign.

Finally, we asked you to partner with us as we promote the HUD FCU "Affordable Loans Campaign." And continue to enjoy the following HUD FCU services for members, HUD employees, vendors, and contractors . . . These are great opportunities with more to come;

- Free Nationwide ATMs-Access to over 30,000
- Surcharge-Free ATMs at most 7-11 Stores throughout the USA
- Financial and Wealth Building Education
- Meet and Greet at HUD FCU-HQ Branch on the second Wednesday of each month

Thanks for this opportunity and your support!

**Otis Collins**  
Chairman

## Supervisory Committee Report

On behalf of the HUD FCU Supervisory Committee (the Committee), I am pleased to extend a warm welcome to our annual meeting. After several months of dormancy, the Committee, re-authorized by the National Credit Union Administration (NCUA), is an independent oversight body that works with you, the Members, the Board Directors, the Staff, and the Management of our Credit Union. Our primary functions are to:

- Ensure that there are adequate internal controls and audits
- Recommend efficient safeguards to protect members' financial interests
- Review and promote sound accounting policies and practices
- Serve as a confidential resource for members' inquiries regarding unbecoming actions by those entrusted to serve HUD FCU

The Committee is also responsible for an annual independent audit and assuring members that the credit union financial statements are presented following NCUA guidelines. The Committee arranges for our annual audit by an independent certified public accounting firm and reviews the result for accuracy and full compliance. The Committee also reviews the results of the annual examination of the NCUA for internal compliance.

Finally, the Committee, together with the Directors, Staff, and Management, is part of the team involved in managing and protecting financial soundness and is an essential part of the financial integrity and safety of our credit union.

I encourage your input and participation through your feedback, questions and sharing your concerns to help guide our decision-making process. I look forward to working with Directors, Staff, and Management as an independent oversight committee.

**Supervisory Committee**

## Treasurer's Report

The annual report to the membership contains HUD Federal Credit Union's financial results for 2023.

The credit union is a business that we all own a part of. Unfortunately, the business has lost money in recent years. The COVID pandemic was harmful to our operations, and the increase in interest rates has reduced the value of some investments. Most importantly, members have not taken out new loans at the rate we had come to expect.

Our net worth has dipped below the 7 percent of assets standard, and this is not acceptable to our Board or to the National Credit Union Administration. The NCUA has recently accepted our plan to restore our net worth, but it will require us to reduce our operating expenses.

In 2023 we took numerous corrective actions to rectify and strengthen our financial condition. The Credit Union is recovering and growing as we aim for continued improvement and financial soundness.

The highlights of 2023:

- Loan growth increased by approximately 5%
- Auto loans increased by 21%
- Membership increased by approximately 1%
- Share certificates increased by 18%

In 2024, we will continue to take whatever actions may be necessary to protect your interests in this institution.

**Mark D. Shroder**  
Treasurer

## Financials

### Income and Expenses

	2023	2022
Loan Income	\$1,587,673	\$1,294,165
Investment Income	372,024	245,130
Other Income	533,078	333,959
<b>Total Income</b>	<b>\$2,492,775</b>	<b>\$1,873,254</b>

### Operating Expenses

Salary and Benefits	\$712,456	\$655,111
Office Operations	2,244,342	1,237,928
Marketing	19,145	13,930
Provision for Loan Losses	(8,973)	613,678
Dividends	152,089	154,229
(Gain)/Loss on Investment Sales	3,856	0
Other Non-Operating Income	0	0
Total Expenses	3,122,915	2,674,876
<b>Net Operating Income</b>	<b>(\$630,140)</b>	<b>(\$801,622)</b>

### Balance Sheet

	2023	2022
Loans	\$35,851,649	\$34,095,938
Allowance for Loan Losses	(516,342)	(331,761)
Cash and Investments	12,751,310	17,434,817
Fixed Assets	93,778	144,831
Other Assets	1,109,421	1,109,333
<b>Total Assets</b>	<b>\$49,289,816</b>	<b>\$52,453,158</b>

### Liabilities and Equity

Accrued Dividends	\$15,857	\$5,809
Other Liabilities	1,841,652	301,929
Members' Accounts	45,751,351	49,740,028
Unrealized Gain/(Loss)	(\$598,438)	(\$864,100)
Regular Reserves and Undivided Earnings	2,279,394	3,269,492

**Total Liabilities and Equity \$49,289,816 \$52,453,158**

## CEO's Report

I wanted to personally thank everyone for attending this year's annual meeting. I greatly appreciate the opportunity to serve as your Credit Union CEO. We continue to make strides on improving our Credit Union through higher service levels, technology, and member support.

We have worked with our online banking vendor to increase access for VISA credit card information and set up cross accounts to view account information and make transfers to joint owner accounts. The staff and Board have participated in monthly meet and greets in the branch, celebrations of the 55-year anniversary of the Weaver building, and HUD's Affinity Groups and Employee Resource Group Day.

While HUD Federal Credit Union moves forward in 2024, I look forward to continuing to receive your input on how the staff are doing through our phone surveys. The Credit Union will maintain our focus on providing excellent member service, competitive loan rates as well as share certificate and other deposit options for our members.

As your Credit Union we are here to safeguard your financial assets and assist in building members' wealth. This year our goal is to implement new ATMs in the HUD building and evaluate our Core, Debit Card, and VISA Credit Card processors for cost effectiveness and efficiency.

On behalf of our entire Leadership Team and the staff, thank you for entrusting your financial services to our care.

**Scott Sabitus**  
CEO

## Board, Committees and Staff

### Board of Directors

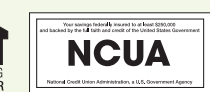
Otis D. Collins	Chairman
Lisa Askew	Vice-Chairman
Mark D. Shroder	Treasurer
Kim C. Adams	Secretary
John Bravacos	Director
Terry E. Rouch	Director
Jason Thompson	Director

### Supervisory Committee

Richard Simmons, Jr.	Chair
Leroy McKinney, Jr.	Secretary
Leslie Fraiser	Member
Garvey Wright	Member

### Credit Union Staff

Scott Sabitus	CEO
Roni Krupnick	Executive Vice President
Ramona Suggs	Branch Manager
Tamara Heard	Collections Administrator
Brittany Jackson	Loan Officer
Monique Sabir	Member Service Representative



Federally Insured  
by NCUA