



2023 Annual Meeting

2023
ANNUAL MEETING AGENDA
MAY 24, 2023 6:00 P.M.

Call to Order - Chairman

Certification of Quorum

Approval of the Minutes of the 2022 Annual Meeting

Annual Report of Officers

1. Chairman
2. Treasurer
3. President
4. Supervisory Committee

Old Business

New Business

1. Certification of Election Results

Candidates: Anthony Sofo

2. Presentation of Service Award

Diane Bradford 35 Years

Member Forum

Adjournment



GREATER METRO FEDERAL CREDIT UNION

Minutes

Annual Meeting – Wednesday, May 25, 2022

The meeting was called to order at 6:00 PM by Chairman Robert Morrison. Secretary Anthony Sofo certified that the required quorum from the membership was in attendance. The meeting agenda was as follows:

- A. Approval of the minutes from the 2021 Annual Meeting*
- B. Annual Reports*
- C. Old Business*
- D. New Business*
 - Certification of Election Results*
 - Presentation of Service Awards*
 - Member Forum*
 - Adjournment*

The minutes of the 2021 Annual Meeting were distributed to the members for review. Chairman Morrison proceeded to asked if there were any corrections to the minutes. Norma LoMonte motioned to approve the minutes and seconded by Maura O’Doherty. It was unanimously approved by the membership.

A condensed version of the Financial Statements was included in the Annual Report.

The following officer reports were included in the Annual Meeting package:

- Chairman, Robert Morrison*
- Treasurer, Monica Duffy*
- Supervisory Committee Chairman, Thomas Amato*
- President, Peter Nalaskowski*

There was no old business to report

Election Results

There were two candidates for the two available seats to the Board. Secretary Anthony Sofo cast a single vote for each candidate and Mark Schwefringhaus and Jerome LoMonte were elected to serve three year terms. All accepted.



Service Awards:

Chairman Morrison asked Vice Chairman Mark Schwefringhaus to present the Service Awards to the following staff:

- *Sheryl Perez 20 years*
- *Peter Nalaskowski 15 years*
- *Izabela Kim 15 years*
- *Bart Rydzewski 10 years*

Member Forum

Member Jaquay asked about the future handling of the Kyndryl Shares that were distributed to Greater Metro on behalf of the members who have their IBM stock held by the Credit Union collateralizing the Stock Loan Product.

The Chairman said that the Credit Union is looking to sunset the Stock Loan Program. There are members that haven't used these lines or loans for years and it has created an unnecessary administrative burden. Then there are those members that still use the product and the Credit Union is looking at alternatives for these members. Since the Kyndryl shares are not eligible for collateralizing our loans, plans are to return them to their owners in the near term.

The President gave a brief summary on the Stock Loan Program and some of the proposals that are being discussed to terminate the program.

Adjournment:

There being no additional business to come before the membership. A motion was made by Monica Duffy to adjourn the meeting and seconded by Tony Sofo. It was unanimously approved by the members. The meeting adjourned at 6:15PM



2023 Chairman's Report

Greater Metro's performance in 2022 mirrored the Covid-related business struggles of prior years, with a twist, a bounty of one-time income from a variety of sources that gave us a very comfortable year, despite challenges with low operating income. The year started with the Fed holding to its target interest rate of 0.0 – 0.25%, which continued to hammer returns on loans and investments. Operating income was still a fraction of pre-Covid results.

Then, in short order, the Fed reversed itself. Having claimed it would not start raising rates until sometime in 2023, they raised them like gangbusters starting at the end of the first quarter to take on inflation, a combination punch which put additional pressure on operating income, which continues into 2023.

Nevertheless, we'll take the year 2022 as it was, a good one for your Credit Union.

The largest one-time income source was from the IRS, the Employee Retention Credit that Metro received for retaining and paying our employees during the Covid years of 2020 and 2021, with lockdowns and periods of the offices being closed. NY City was an especially difficult environment. We feel pretty good about our ability to keep the Credit Union "Open for Business", despite the pandemic and the mandates playing out as they did, which is a tribute to our employees. Some worked from home, some came to the office, and some did both.

Another one-time source was a credit against our Pension Plan expense, and a third was a recovery from a loss over a dozen years ago during the Subprime Mortgage Crisis.

For the details of our 2022 financials, please see our Treasurer's Report.

Looking forward, we expect to see investment income increase the second half of 2023, but it is a very cloudy crystal ball. Rising rates mean the Dividend expense paid has been increasing faster than our investments mature to take advantage of the higher rates and balance income and expense. We don't expect a "normal" budget year until 2024. All that said, your Credit Union remains healthy, as we look forward to working through these seemingly never-ending challenges.

I want to thank our staff and management, our volunteers and the Board, for their dedication and diligence as we continue to work through the one-two punches of Covid and the Fed's inflation fighting.

Sincerely,

Robert G. Morrison

Treasurer's Report

The positive outlook that I shared with you for 2022 at last year's annual meeting, came to fruition as the Credit Union ended the year with a bottom-line income of \$419k. This after two consecutive years of losses. I would've liked to report that this income was the result of the FED's monthly rate raisings that directly impacted our operations- Higher yields from investments, higher yields from overnight cash and higher rates from closing real estate loans. The truth is that it had less of an impact than we had hoped for and we actually experienced the negative fallout from the FED's actions as the year moved on.

The FED's actions were to curb inflation and consumer spending. Although borrowing rates increased and would have added to our bottom-line, consumers spent and borrowed less. Demand for Home Mortgages, which are the largest source of loan income, dried up as home buyers were scared away by higher rates. Institutions all vying for deposits, ratcheted up their Savings Rates to keep up with the FED, resulting in much higher Share Expenses. Unfortunately, we expect to see this trend continue to play out in 2023 before we see a return to stability.

So, our positive bottom-line was primarily driven by 3 one-time credits. It's important to point out that these credits were returns of past years reported losses. It's also important to point out that the blueprint for a return to operational profitability has been laid down by the FED, it's only the timing of their actions that has delayed our return.

Our bottom-lines for 2021 and 2022 were a loss of \$236k and a gain of \$419k, respectively. Member Share deposits went from \$82.5mm at the end of 2021 down to \$80.9mm at the end of 2022 and overall Assets dropped from \$90.8mm to \$89.5mm. The Credit Union's Net Worth Ratio which is a measure of our safety and soundness, went from 9.6% in 2021 to 10.2% at the end of 2022. Yes, we are safer and sounder.

The enclosed financial results were prepared by Management and reviewed by our independent accounting firm and the Board of Directors are confident in the accuracy and adequacy of the reported results for 2022.

Our confidence and optimism towards a recovered economy continues. Our confidence in the commitment of our Volunteers and Staff to navigate the Credit Union towards financial success and the best service to its membership has never wavered.

Should you have any questions, please contact me at mduffy@greatermetrofcu.org

Respectfully,

Monica Duffy
Treasurer/Chairperson Asset Liability Committee



**GREATER METRO
FEDERAL CREDIT UNION**

Statement of Financial Condition

	31-Dec	
	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 3,151,026	\$ 7,366,231
Certificates of deposit	20,952,937	23,589,849
Investment securities held-to-maturity	39,463,599	33,217,905
Investment securities available-for-sale	0	0
Investments in credit union service organizations	244,391	247,402
Loans receivable, net	22,704,288	23,434,626
Accrued interest receivable	267,798	200,321
Furniture and equipment, net	35,731	44,646
NCUSIF deposit	769,752	761,333
Member capital share deposit	80,594	80,594
Prepaid expenses and other assets	<u>1,826,390</u>	<u>1,863,585</u>
TOTAL ASSETS	<u>\$ 89,496,506</u>	<u>\$ 90,806,492</u>
LIABILITIES AND MEMBERS' EQUITY		
Members' shares	\$ 80,874,649	\$ 82,522,385
Accrued expenses and other liabilities	<u>466,799</u>	<u>316,238</u>
TOTAL LIABILITIES	\$ 81,341,448	\$ 82,838,623
Members' equity, substantially restricted	<u>8,155,058</u>	<u>7,967,869</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 89,496,506</u>	<u>\$ 90,806,492</u>

**GREATER METRO
FEDERAL CREDIT UNION**

Statement of Operations

	31-Dec	
	2022	2021
INTEREST INCOME		
Interest on loans	\$ 977,765	\$ 1,059,683
Interest on Investments	864,510	677,261
	<u>1,842,275</u>	<u>1,736,944</u>
 INTEREST EXPENSE		
Dividends on members' share accounts	<u>202,149</u>	<u>238,824</u>
	NET INTEREST INCOME 1,640,126	1,498,120
	PROVISION FOR LOAN LOSSES <u>36,000</u>	<u>772,000</u>
	NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES \$ 1,604,126	\$ 726,120
 FEE AND OTHER OPERATING INCOME	341,471	335,057
 NON-INTEREST EXPENSE		
Compensation and benefits	708,246	733,247
Office occupancy and operations	869,989	810,647
Professional fees	91,000	76,463
Publicity and promotion	24,745	22,545
Loan servicing	24,365	8,558
Travel and conference	6,000	3,978
Other	76,436	75,925
	<u>1,800,781</u>	<u>1,731,363</u>
 NON-OPERATING EXPENSE		
Net non-operating Income(Expense)	<u>274,629</u>	<u>434,245</u>
	NET INCOME (LOSS) \$ <u>419,445</u>	\$ <u>(235,941)</u>

President's Report

When we last met at last year's Annual Meeting, we were at the early stages of the FED's war on inflation. We were optimistic that with rising rates, Greater Metro would earn higher yields on investments, cash and loans and return to profitability. We did!

We went from a \$237k loss in 2021 to a \$419k gain in 2022. However, more of our gain came from one-time credits than from the impact of raising of rates on operations. Granted, we should never look a gift horse in the mouth and these one-time credits were returns from losses incurred and reported during the Financial Crisis of 2008 and COVID. Both severely impacted the credit union's operations and bottom-line. So, we gladly report a financially successful 2022 (with an asterisk*-we had hoped more would have come from daily operations).

The facts that home buying slowed because of higher rates and smaller inventories and larger institutions started offering higher rates to lure depositors for liquidity purposes lowered our operational revenues. We had to compete to keep our member deposits. This was a necessary cost. Some members moved their funds anyway, but not for issues with loyalty, service, or fear. It was a strict dollars and cents issue. (Well, fear may have played a part in March of this year with the very publicized and very large BANK failures).

Greater Metro thrives in a reasonable economic environment and we believe we are heading back to it. Slower than we had hoped but there are signs of the FED's easing. We hope to improve and add products. An upgrade to our mobile app in 2022 to add safety features and facial recognition was met with high member satisfaction

What has been and is consistent however is our commitment to serve our members through good times and bad. The Board of Directors, Volunteers, Management and Staff work within our financial means to bring the best to our members.

Peter Nalaskowski
President & CEO

Report of the Supervisory Committee

The Credit Union Supervisory Committee consists of volunteer members appointed by the Board of Directors. The Supervisory Committee acts as a link between the board, management, and the membership. Any member who feels that their concerns are not being appropriately addressed, may escalate them to the Committee. In 2022, the volunteers were Thomas Amato, the Chairman, Thomas McCarthy, Andrea Nelson, John Forster and Vincent D'Agostino.

Once appointed by the Board of Directors, this Committee acts independently of the Board and carries out its oversight duties on behalf of the membership. In addition to providing a link to the members, the Supervisory Committee engages the public accounting firm of Wojeski & Co. to conduct an Annual Supervisory Audit reviewing the Credit Union's staff and management's adherence to policies, practices and procedures as set forth by the Board of Directors and compliant to the Rules and Regulations as set by our regulator, the NCUA ("The National Credit Union Administration"). This review is comprehensive and includes a review of the financial reports

Therefore, included in this Annual Report are the financial reports as prepared by Management. The Supervisory Committee is satisfied with their accuracy and adequacy and believe they fairly present the financial results for 2022. They are presented with a comparison to the 2021 results.

The Supervisory Committee is established to serve all members, and to respond to any concerns or questions that may arise. The Committee may be independently contacted at:

Supervisory Committee
Greater Metro Federal Credit Union
31-10 37th Avenue, Suite 403
Long Island City, New York 11101

An email address is also available for members to contact the Supervisory Committee to voice any concerns or complaints. The address is:
supervisorycommittee@greatermetrofcu.org

Thomas Amato
Chairman