



2024 Annual Meeting

2024
ANNUAL MEETING AGENDA
MAY 22, 2024 6:00 P.M.

Call to Order - Chairman

Certification of Quorum

Approval of the Minutes of the 2023 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: Monica Duffy
Robert Morrison

2. Presentation of Service Award

Thera Henry-Sylvester 35 Years

Member Forum

Adjournment

GREATER METRO FEDERAL CREDIT UNION

Minutes

Annual Meeting – Wednesday, May 24, 2023

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 2022 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 2022 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 was one candidate for the available seat to the Board. Since the seat was that of the Board Secretary, Anthony Sofo, the Chairman appointed Jerry LoMonte as Secretary pro-temp a sit is the Secretary's responsibility to cast the single vote for the nominee when no election is warranted. Jerry LoMonte cast a vote for Anthony Sofo. With this vote Anthony Sofo was elected to a three year term and accepted.

Chairman's Report

Greater Metro's performance in 2023 was, unfortunately, very predictable. We discussed at last year's Annual Meeting that we would lose money in 2023 due to the interest rate situation. The rapid rise in rates by the Fed to combat inflation meant quickly increasing our Dividend/interest rates to reflect the highest market rates in decades, while much of our long term investments returned paltry rates obtained during the Covid crisis, when the Fed set the target rate near zero. Such extreme interest rate changes can be viewed as one-offs that need to be managed as best as possible across a couple of years until a normal equilibrium returns.

2023 was such a year, where each month was worse than the one before, as we paid ever-increasing amounts of dividends/interest on Member savings, unmatched by longer term investment returns. As a result, we booked a loss (-\$188K) for the year, which is certainly not a problem for Metro to absorb. Your Credit Union remains healthy, even with such an abnormal year, and we look forward to working through such challenges.

For the details of our 2023 financials, please see our Treasurer's Report.

A return to monthly profitability should occur in 2024. The pace of increased income from maturing investments re-invested at higher rates is beginning to make a real difference, while the increases in our monthly Dividend/interest expense have peaked, so the pendulum is swinging back. Much depends on dividend expense dropping as the Fed eases rates later this year, but that is a cloudy crystal ball.

I want to thank our staff and management, our volunteers, and the Board, for their dedication and diligence as we work through the one-two punches of the Fed's Covid rate near zero in 2020 followed by large inflation fighting increases starting in March of 2022. We expect to get past the multi-year income/expense imbalance in 2024 and expect a more normal economic environment going forward.

Sincerely,

Robert G. Morrison

Treasurer's Report

At last year's Annual Meeting I reported a bottom-line gain of \$419k for 2022 as the FED worked towards curbing inflation by raising rates precipitously in 2022 and 2023 (eleven times). The positive outlook that I shared with you was tempered with the possibility that after three bank failures in early 2023, we would have to manage liquidity at a substantial cost to the Credit Union. This was the case. In order not to meet the liquidity issues of other financial institutions, we raised our Member Certificate rates expecting this, along with our known member loyalty, to weather member withdrawals and the cost of financing them.

Members however did leave for greener pastures of higher rate offerings to the tune of \$3.3mm as both overall Assets and Member Shares decreased from 2022 to 2023 from \$89.5mm to \$86.2mm and \$80.9mm to \$77.6mm, respectively. Those members that kept their funds with Greater Metro took advantage of our higher certificate rates, increasing that Dividend Expense from \$202k in 2022 to \$695k in 2023. These factors along with slow loan growth contributed to a bottom-line loss of \$188k for 2023.

The Credit Union's Net Worth Ratio which is a measure of our safety and soundness, was at 10.4% at the end of 2023. We continue to be safe and sound according to the guidelines set by our Regulator, the NCUA.

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 2023.

We are confident that we are turning the corner and expect a better 2024 as market rates return to normalcy and our investments made during the COVID years continue to re-price at much higher rates. The Board of Directors lowered member certificate rates in December 2023. This action will reduce dividend expense throughout the year and further into 2025. Our confidence is further strengthened by the commitment of our Volunteers and Staff to navigate the Credit Union towards financial success and the best service to its membership.

Respectfully,

Monica Duffy
Treasurer/Chairperson Asset Liability Committee

**GREATER METRO
FEDERAL CREDIT UNION**

Statement of Operations

	31-Dec	
	<u>2023</u>	<u>2022</u>
INTEREST INCOME		
Interest on loans	\$ 1,158,181	\$ 977,765
Interest on Investments	<u>973,120</u>	<u>864,510</u>
	2,131,301	1,842,275
 INTEREST EXPENSE		
Dividends on members' share accounts	<u>695,447</u>	<u>202,149</u>
 NET INTEREST INCOME	1,435,854	1,640,126
 PROVISION FOR LOAN LOSSES	<u>8,000</u>	<u>36,000</u>
 NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	\$ 1,427,854	\$ 1,604,126
 FEE AND OTHER OPERATING INCOME	367,136	341,471
 NON-INTEREST EXPENSE		
Compensation and benefits	911,844	708,246
Office occupancy and operations	892,715	869,989
Professional fees	87,617	91,000
Publicity and promotion	24,000	24,745
Loan servicing	36,854	24,365
Travel and conference	6,000	6,000
Other	<u>23,756</u>	<u>76,436</u>
	1,982,786	1,800,781
 NON-OPERATING EXPENSE		
Net non-operating Income(Expense)	<u>0</u>	<u>274,629</u>
 NET INCOME (LOSS)	<u>\$ (187,796)</u>	<u>\$ 419,445</u>

**GREATER METRO
FEDERAL CREDIT UNION**

Statement of Financial Condition

	31-Dec	
	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 3,330,024	\$ 3,151,026
Certificates of deposit	17,488,058	20,952,937
Investment securities held-to-maturity	39,211,168	39,463,599
Investment securities available-for-sale	0	0
Investments in credit union service organizations	243,089	244,391
Loans receivable, net	22,910,238	22,704,288
Accrued interest receivable	293,425	267,798
Furniture and equipment, net	19,314	35,731
NCUSIF deposit	711,049	769,752
Member capital share deposit	80,594	80,594
Prepaid expenses and other assets	<u>1,956,124</u>	<u>1,826,390</u>
TOTAL ASSETS	<u>\$ 86,243,083</u>	<u>\$ 89,496,506</u>
LIABILITIES AND MEMBERS' EQUITY		
Members' shares	\$ 77,577,607	\$ 80,874,649
Accrued expenses and other liabilities	<u>568,042</u>	<u>466,799</u>
TOTAL LIABILITIES	\$ 78,145,649	\$ 81,341,448
Members' equity, substantially restricted	<u>8,097,434</u>	<u>8,155,058</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 86,243,083</u>	<u>\$ 89,496,506</u>

President's Report

At last year's Annual Meeting we reported a \$419k gain for 2022 and although we were hoping for that trend to continue, we also recognized that the FED's rapid raising of rates could hurt smaller financial institutions. To a certain extent it has, due to the inability to compete with larger institutions offering higher dividend rates for longer periods of time. We raised certificate dividend rates to compete in December of 2022 which dragged down our bottom-line for most of the year resulting in a loss of \$188k for 2023.

Everyone expected the FED to start reducing rates which would normalize the market, but that hasn't happened. The Credit Union couldn't wait for the FED and lowered our member certificate rates in December 2023 to begin our income restoration. The Board and Management weighed all of the options and are satisfied with this decision especially since we are already seeing benefits in early 2024.

A major indicator of a financial institution's health is its Net Worth Ratio. Ours stands at a healthy 10.4%. This sustains us while the markets correct themselves as in 2008 and during/after the Pandemic.

Looking ahead, Greater Metro is planning to extend membership to the neighboring communities around its Long Island City location. Membership will be aided by rolling out a new electronic onboarding platform. New blood, new loans, new services.

The Board of Directors have also committed to bring on more voices to manage the diverse groups we currently have and the ones we intend to add.

Besides our Net Worth sustaining us financially, it is the year in year out consistency of a stable staff that has sustained membership loyalty and confidence. The Staff, Management, Board of Directors, and Volunteers thank its members for their support and look forward to continuing to serve.

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 2023, 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 2023. They are presented with a comparison to the 2022 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

In early 2024, the Chairman, Thomas Amato passed away. His commitment to the Credit Union for over 30 years will surely be missed as will his leadership of this vital committee. Upon his passing, I was selected to be the Chairman and I hope that I can serve the membership as thoroughly as Tom did.

John Forster
Chairman