



# 2023 Annual Report

Community Banking At Its Best



89th Annual Meeting

# The Atlantic Federal Credit Union 88th Annual Meeting Minutes

April 18, 2023

## Directors

### Present

P. M. Del Sontro

R. M. Lear

M. A. Locurcio

P. Murray

P. Rosen

C. Rowden

R. D. Wilder

## Executive Staff

A. Mero

A. Cadmus

S. Hilenski

K. Pakrul

## Supervisory Committee

R. W. Hovland

## Recording Secretary

K. Pakrul

1. The Annual Meeting was held in-person and via video conferencing from The Atlantic Federal Credit Union, Springfield, NJ. Mr. Michael Locurcio, Chairman, called the meeting to order at 10:16 am.

2. Mr. Locurcio welcomed everyone to the Credit Union's 88th Annual Meeting. He noted the appropriateness of this year's meeting's theme of "Navigating the Path Forward."

3. Mr. Locurcio said that as we came through the grips of the pandemic in early 2022, we transitioned into a period of historic economic uncertainty. The Credit Union and Members had faced economic conditions that we have not seen in 40 years. Higher costs for everyday goods and services escalated during the period, while elevated housing prices and sharp rate increases by the Federal Reserve increased rates for borrowing. During this time, the Credit Union worked to provide an array of ways to meet Members' individual needs.

4. Mr. Locurcio also noted the Credit Union's philosophy of simplicity and transparency. This belief was the driving force behind the simplification of the fee schedule amongst many other changes. The Credit Union's goal remains to improve our Members' financial well-being.

5. Mr. Locurcio introduced the members of the Board of Directors and Supervisory Committee. He called attention to the 2022 Annual Report and noted that the report contained the minutes of the 2022 Annual Meeting, the Credit Union's financial statement, a combined report from the Chairman and the CEO and the Supervisory Committee Report.

6. The bylaws of the Credit Union require a quorum of 15 Members at Annual Meetings. The following Members were in attendance: Adam Cadmus, Peter Del Sontro, Grace Dibi, Dennis Fabbo, Sandy Hilenski, Russ Hovland, Robert Lear, Michael Locurcio, Anthony Mero, Patti Murray, Kristina Pakrul, Jason Reed, Philip Rosen, Cheryl Rowden, Carla White-Garrett, and Robert Wilder. Mr. Locurcio verified that a quorum was present.

# The Atlantic Federal Credit Union

## 88th Annual Meeting Minutes

### Continued

7. Mr. Del Sontro, Board Secretary, summarized the minutes of the 2022 Annual Meeting. Ms. Murray moved that they be accepted as presented in the Annual Report. Mr. Wilder seconded the motion and the minutes were approved.

8. Mr. Hovland presented the Supervisory Committee Report as included in the Annual Report. He said that the Supervisory Committee retained the services of The Curchin Group, a CPA firm, to perform a comprehensive yearly audit of the 2022 financial statements. He said that The Atlantic is confident that it will receive a favorable opinion from this audit since we have not been notified of any material items or adjusting entries to the financials.

9. Mr. Hovland said that the Credit Union continued to operate in a safe and sound manner during 2022. Its assets were properly safeguarded and the books and records were an accurate accounting of the Credit Union's assets, liabilities and capital.

10. Mr. Mero began his remarks that this year's theme of the Credit Union was "Navigating the Path Forward". In 2022, the Credit Union took significant steps to position itself for success. Many of the steps were difficult, but those very actions placed it on a sustainable path to support its Members and the communities we serve.

11. Mr. Mero noted during the upcoming year that Credit Union Members should expect digital solutions on par with the many other financial services providers out there today, while having the peace of mind of the utmost data security.

12. Mr. Mero noted in the upcoming year that best-in-class digital offerings will be presented to our Members which will provide them more access to information that will assist in controlling and optimizing their finances.

13. Mr. Mero thanked the Board of Directors for their continued support over the course of 2022, and their continued guidance into 2023.

14. In his Chairman Address, Mr. Locurcio said that the Credit Union continues to be financially sound and well capitalized, citing its 14.88% net worth ratio which is significantly above the 7% minimum required to be well capitalized by the NCUA. Total assets decreased slightly from \$233.9 million to \$231.9 million. This reduction is attributable to the outflow of deposits given the very competitive rate environment.

15. Mr. Locurcio noted the overall net earnings in 2022 for the Credit Union was \$1.92 million.

# The Atlantic Federal Credit Union

## 88th Annual Meeting Minutes

### Continued

16. For the upcoming year, Mr. Locurcio said that the Board will focus on Strategic Plan initiatives and differentiating The Atlantic from other financial institutions with technology, innovation, products, flexibility and efficiencies.

17. In conclusion, Mr. Locurcio said that the Credit Union continues to be financially sound with management making appropriate risk and return decisions for the organization.

18. Mr. Adam Cadmus, Chairman of the Nominating Committee, introduced the members of the Nominating Committee: Ms. Kristina Pakrul and Ms. Carla White-Garrett. Three candidates, Mr. Del Sontro, Mr. Lear and Mr. Wilder were nominated to the Board for a three-year term.

19. Since no other names have been filed with the Secretary prior to the Annual Meeting, Mr. Del Sontro cast one ballot for the slate. The motion was passed and the nominees were elected.

20. Mr. Locurcio acknowledged the Credit Union management for their outstanding efforts in continuing to provide all essential banking functions to service our Members' financial needs through this unprecedented period.

21. Mr. Locurcio thanked the volunteer Board of Directors and Committee Members who give so freely of their time in developing strategic vision focusing on the long-term success of the Credit Union. He thanked the Members for their years of loyal support and continued patronage.

22. There being no further business to conduct, Ms. Rowden motioned to adjourn the meeting. This was seconded by Mr. Wilder and was passed. The Annual Meeting adjourned at 10:34 am.

# A Message from the Chairman of the Board and the Chief Executive Officer

## Community Banking At Its Best

As we close the books on another successful year, we thank you for your continued trust and support in our Credit Union.

Over the course of our 89-year history, The Atlantic Federal Credit Union has served our Members through considerable socioeconomic shifts in our nation and local communities. This past year was one of the most challenging periods to date, as we all experienced the effects of record-high inflation and record interest rate increases. These pressures contributed to a number of bank failures – the sizes of which have not been seen in fifteen years.

“Of note, The Atlantic is one of the most well-capitalized credit unions in the country.”

Unlike banks beholden to generating returns for investors, our Credit Union is a not-for-profit financial cooperative solely dedicated to adding value to our Members' lives. Through turbulent times and steady seas alike, The Atlantic's unwavering dedication to our Members has preserved our financial strength and resiliency. Of note, The Atlantic is one of the most well-capitalized credit unions in the country. We continue to meet the regulatory expectations set by the National Credit Union Administration, including maintaining a strong liquidity position with reliable access to funds and upholding sound operating principles.

In many ways, The Atlantic represents *community banking at its best*. And in 2023, we achieved a number of milestones to build on this tradition.

### Best-in-Class Technology

Our all-new online banking platform and mobile app introduced in 2023 offer a number of new resources for Members:

- Zelle®
- Free Access to Credit Scores
- Budget and Asset Insights
- Real-Time Controls for Debit and Credit Cards
- Access to Credit and Debit Card Rewards
- Seamless Integration with Digital Wallets

## Continued

If you have recently visited our branch locations in Union Township and West Orange, you have likely noticed technology upgrades at our ATMs as well. These new terminals offer a convenient touchscreen and compatibility with contactless cards. Outside of the ATMs at our branches, The Atlantic joined the MoneyPass network of ATMs to give Members surcharge-free access to approximately 40,000 ATMs across the country.

Behind the scenes, we also completed a significant upgrade of our core operating infrastructure to improve resiliency.

### Some of the Best Rates in the Nation...Right in Your Backyard

From dividend rates to loan rates to reward rates, The Atlantic introduced a number of enhancements in 2023 to maximize value for Members.

Our updated suite of savings and checking accounts consistently ranks in the top 10 highest rates among financial institutions in the country. This includes the Ultra product line offering a convenient way to maximize earnings on your everyday checking account and high-balance savings account, as well as Kickstart Savings offering an extremely competitive rate of return for Members starting out on their savings journey.

When it comes to financing your vehicle, purchasing a home or leveraging equity in your current home, or accessing funds for unexpected expenses or other purchases, The Atlantic continues to make it affordable to pursue your financial goals. In 2023, we introduced new and flexible ways to access funds, including a lease-like auto loan as well as Quick Cash Loans offering instant funding with no credit check for eligible Members.

Among a number of upgrades to cards in 2023, including contactless compatibility for all debit cards and chip enablement for ATM cards, we began offering up to \$500 per year in debit card cash back rewards. This offer is unmatched by most financial institutions and complements our industry leading 2% cash back on The Atlantic Visa® Signature Credit Card.

We are proud to provide this value to Members while maintaining one of the lowest fee schedules in the industry.



## Continued

### Backing Local Businesses

Small businesses are the lifeblood of our communities. Two of the more significant new offerings introduced in 2023 include a full suite of commercial lending offerings to provide financing of commercial real estate as well as an Express Business Loan program prioritizing a streamlined online application and quick funding.

More recently, The Atlantic has also introduced high-yield savings opportunities for local businesses in the form of Business Ultra Savings and Business Smart Savings.

### Commitment to Community

As a not-for-profit organization, we were excited to recently introduce our new Advocate Checking account specifically designed to help fellow not-for-profits. Available to 501(c)(3) and 501(c)(6) organizations, this new checking account pays a competitive dividend rate with no minimum balance requirement or account maintenance fees.

In addition, we continued to give back to our communities throughout Essex and Union counties in 2023 through various initiatives, such as donating to local charities, sponsoring youth programs, and volunteering at food banks. We believe that our community-chartered Credit Union is more than just a financial institution; it is a force for good in our society.

We maintain this focus each and every day by living our values:

- **Integrity:** We do right by our Members, communities and teammates, and we own the outcomes of our efforts.
- **Trust:** We strive for accuracy, operate with transparency, and follow through on our word.
- **Simplicity:** We limit the fine print and ensure our offerings are easy to understand.
- **Security:** We deliver peace of mind by prioritizing cybersecurity, sound policies and procedures, and dependable financial solutions.
- **Stability:** We build on our presence as a pillar in the communities we serve through strong financial performance allowing us to consistently give back to Members and our communities.

## Continued

### Looking Forward

As we look ahead to the remainder of 2024 and beyond, we maintain a clear and focused mission of *meeting the financial goals and objectives of our Members*. We know doing so will bring about our vision to *empower financial well-being*.

We are excited about the opportunities and possibilities that await us. We will continue to invest in technology, innovation, and security to enhance and improve your banking experience. We will also seek new partnerships and collaborations to expand our reach and impact. And most importantly, we will always put you, our Members, first in everything we do.

We have stood strong for 89 years, providing the financial services that Members need to help them prosper. You can expect, and be confident, that The Atlantic will continue to provide community banking at its best.

Respectfully submitted,

**Michael Locurcio**  
Chairman of the Board

**Anthony Mero**  
Chief Executive Officer





## Supervisory Committee Report

Your Supervisory Committee, an independent body of volunteers, is mandated by the Federal Credit Union Act and serves as a watchdog for the Members of The Atlantic Federal Credit Union.

To fulfill its obligations, the Supervisory Committee has engaged The Curchin Group, a certified public accounting firm, endorsed by the Credit Union's Board, to conduct an extensive audit of The Atlantic's financial records annually. The findings from this audit, combined with the National Credit Union Administration's (NCUA) routine inspections, additional internal audits by Hamilton & Babitts, and further evaluations by the Supervisory Committee, are presented to the Board upon completion. In 2021, the Credit Union expanded its team by appointing a Director of Compliance and Risk Management. Moreover, in 2022, a contract was established with Wolf & Co. to carry out a thorough IT Audit and Cybersecurity Risk Assessment, followed by an IT General Controls Audit, which concluded in January 2024 and was submitted to the Board in March 2024.

The results of the recently completed NCUA exam, effective September 2023, indicated that your Credit Union was fundamentally sound with strong net worth and positive earnings. We are confident that we will be getting a clean opinion from Curchin, associated with the 2023 Financial Opinion Audit, since they have not notified us of any material items or adjusting entries to our financials. From the Wolf & Co. assessments, they indicated that overall, your Credit Union has a satisfactory / strong set of controls in all focused areas of their assessment to manage their Information Technology and Information System functions, technology, and hardware.

Your Supervisory Committee is pleased to report that these audits, examinations, and assessments have thereby confirmed the adequacy and effectiveness of internal controls, policies, and procedures to ensure compliance and mitigate risks for the Credit Union. The assets of the Credit Union are properly safeguarded and the books and records are an accurate accounting of its assets, liabilities, capital, and associated net worth.

Respectfully submitted,

**Russell Hovland**  
Chairman of the Supervisory Committee



## Statement of Financial Condition

December 31, 2023 and 2022

Assets	2023	2022
Loans to Members, less allowance for loan losses	\$187,643,000	\$172,338,000
Investments	23,687,000	26,449,000
Cash and cash equivalents	8,700,000	8,937,000
Land and building	8,014,000	8,202,000
Furniture and equipment less depreciation	1,060,000	964,000
Share insurance fund	2,101,000	1,875,000
Other assets	13,030,000	13,166,000
<b>Total Assets</b>	<b>\$244,235,000</b>	<b>\$231,931,000</b>
<b>Liabilities &amp; Members' Equity</b>		
Shares	\$210,093,000	\$197,857,000
Accounts payable and accrued expenses	2,113,000	1,964,000
Retained earnings, substantially restricted	32,029,000	32,110,000
<b>Total Liabilities &amp; Members' Equity</b>	<b>\$244,235,000</b>	<b>\$231,931,000</b>

## Statement of Income

Years Ended December 31, 2023 and 2022

Operating Income	2023	2022
Income from loans	\$11,010,000	\$8,502,000
Investment income	1,521,000	752,000
Other income	1,732,000	2,495,000
<b>Total Income</b>	<b>\$14,263,000</b>	<b>\$11,749,000</b>
<b>Operating Expenses</b>		
Compensation and employee benefits	\$4,000,000	\$3,765,000
Office operations	1,321,000	1,495,000
Professional and outside services	1,635,000	1,544,000
Provision for loan losses	1,376,000	1,284,000
Other	2,131,000	1,844,000
<b>Total Operating Expenses</b>	<b>\$10,463,000</b>	<b>\$9,932,000</b>
<b>Income from Operations before Dividends &amp; Interest</b>	<b>\$3,800,000</b>	<b>\$1,817,000</b>
Dividends paid on deposits	\$3,650,000	\$583,000
<b>Net Income from Operations</b>	<b>\$150,000</b>	<b>\$1,234,000</b>
<b>Extraordinary Items</b>		
Income from NCUA capital distribution	\$91,000	\$297,000
CARES Act employee retention tax credits	0	601,000
Reposessed taxi medallion adjustments	93,000	(212,000)
Defined Benefit Plan termination	(132,000)	0
<b>Net Income</b>	<b>\$202,000</b>	<b>\$1,920,000</b>